3 Dividend Stocks That Also Have Great Growth Prospects

Description

Dividend stocks are appealing investments because investors can just sit back and hold the stocks for years and watch their portfolios grow from dividend income as well as capital appreciation. The danger, however, is that a stock might struggle and cut its dividend, or it simply may not turn out to be a good long-term buy.

While you can never be sure of what will happen in the future, you can invest in companies that offer good dividends and that have strong prospects for future growth. That way, at least you're giving yourself good odds for success. Below are three stocks that meet these criteria that I'd consider buying today and holding for years, maybe even decades.

Inter Pipeline Ltd. (TSX:IPL) might seem like a risky choice to plan to hold for years, but the reason this company makes the list is for its resilience. During the downturn in oil prices, Inter Pipeline was not only able to stay afloat, but its numbers actually improved, and the company even kept on increasing its dividend.

With oil prices higher, and the industry getting stronger, it's going to be exciting to see how much better Inter Pipeline can do under more favourable conditions. While skeptics may say that oil and gas stocks aren't going to be good long-term buys given our inevitable movement toward greener sources of energy, I'm skeptical too, but of the notion that we'll see that transition happen any time soon.

The demand for oil continues to grow, and it's going to take a long time for that trend to change due to its important role in our day-to-day lives. That's why I still believe that Inter Pipeline has terrific opportunities for future growth, and with a monthly dividend yielding 6.9% every year, the stock is a steal of a deal at just 17 times earnings.

Fortis Inc. (TSX:FTS)(NYSE:FTS) is as stable a utility stock as you'll find on the TSX. But that doesn't mean that it can't grow. The company has been able to accumulate market share via acquisition, and since 2013 Fortis has seen its top line double, as too have its profits.

Currently, Fortis pays investors an annual dividend of 4% per year, and like Inter Pipeline's payout, it has grown over the years as well. For investors looking for growth, dividends, and stability, Fortis could be a perfect fit. The stock trades at a very reasonable 18 times earnings and only 1.3 times book value.

Extendicare Inc. (TSX:EXE) has struggled this year with its share price declining more than 20% since January, but with the population getting older, its long-term care facilities could quickly become in high demand.

The stock is an appealing buy because, like Fortis, it's what I would consider a recession-proof stock, since its revenues relate to expenses that are, in many cases, necessities that can't easily be avoided. That provides investors with some stability and makes it a bit easier for companies to grow their top lines.

Extendicare's monthly dividend will provide your portfolio with a regular stream of cash flow; currently, it yields an annual rate of 6.7%.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. TSX:EXE (Extendicare Inc.)
3. TSX:FTS (Fortis Inc.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Tags

1. Editor's Choice

Date
2025/07/01
Date Created
2018/07/26
Author
djagielski