3 Cheap Stocks That Offer Growth and Income in 2019

Description

Many investors think that growth and income are mutually exclusive. As growth stocks invest most of their profits in, well, growth, it's believed that dividends are mostly the domain of stable blue chip stocks, or REITs. There is a certain amount of truth to that. Ultra high growth sectors like cannabis are less likely to pay dividends than more mature industries, such as banking. But that doesn't mean you can't find growth and income in one package.

In fact, the TSX abounds with stocks that are growing at or near double digits while also paying dividends. And these stocks just so happen to be among the best TSX performers overall. The first is a bank stock that almost everyone will be familiar with.

Toronto-Dominion Bank (TSX:TD)(NYSE:TD)

In its most recent quarter, TD's adjusted EPS was $1.63, compared with $1.36 in the same quarter a year before. That's a 19% growth rate. The company's GAAP earnings growth was lower, but I'm inclined to favour the adjusted number here, as it excludes a non-recurring charge that won't affect the company's long term outlook. The company's U.S. retail business grew especially well, at 44% year-over-year. TD still has plenty of room to grow in the U.S., so continued growth in that market could send overall growth higher. Despite all this growth, TD pays a dividend that yielded 3.9% as of this writing.

Canadian Tire Corp (TSX:CTC.A)

Canadian Tire is one of Canada's most ubiquitous companies. Known for its retail stores, it has since branched out to clothing by buying up brands like Marks and Helley Hansen. In its most recent quarter, Canadian Tire's revenue was up 11%, while net income was up 15% and diluted EPS was up 22%. That's solid growth, but it doesn't come at the cost of income: Canadian Tire paid a dividend that yielded about 2.82% at the time of this writing.

Alimentation Couche-Tarde (TSX:ATD.A)

Last but not least, we have Alimentation Couche-Tard, the operator of Couche-Tard and Circle K convenience stores. In its most recent quarter, revenue came in at $3.5 billion, an 11% increase over the same quarter a year before. Same-store sales also increased by 4.4% in the U.S., 4.6% in Europe and 5.1% in Canada.

This is a steadily growing enterprise, and it also pays a dividend: although the yield is low at 0.59%, it's been steadily growing over the years. Alimentation is also noteworthy for having ended 2018 with a positive return, while the TSX shed 11.6% of its value in the same period. Over a five-year time frame, the stock has done even better, rising from $26.41 to $71.79 — a great performer by any stretch of the imagination.

Bottom line

Growth investing and dividend investing needn't necessarily be at odds. Although they can be hard to find, there are plenty of stocks posting double-digit growth while giving investors a cut of the proceeds. If you don't want to compromise on either side of the growth/income dichotomy, any of the stocks mentioned in this article would be a worthy pick.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:TD (The Toronto-Dominion Bank)
2. TSX:CTC.A (Canadian Tire Corporation, Limited)
3. TSX:TD (The Toronto-Dominion Bank)

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