



Income for Life: These 3 Stocks Can Deliver

Description

In today's ever-changing world, many formerly safe buy-and-hold-forever investments simply aren't that secure any longer.

Take **General Electric**, which dominated the industrial sector for more than a century. After expanding into sectors that later proved to be regrettable and taking on too much debt to do so, the one-time powerhouse is holding on for dear life. Shares are down 65% over the last three years, and the dividend has been slashed to a mere penny per share on a quarterly basis.

Imagine telling an investor 20 years ago that the mighty General Electric would be in serious trouble. Nobody really saw this coming.

If General Electric can stumble, then so can anyone. But investors can minimize their chances of finding a dud by loading up on the highest-quality income payers possible. This won't guarantee nothing but winners, of course, but it should ensure a steadily growing portfolio stuffed with great dividend payers. If one or two stumble, the others will more than make up the slack.

Here are three of Canada's top dividend stocks — payouts you can count on through thick and thin.

Bank of Nova Scotia

Bank of Nova Scotia ([TSX:BNS](#))([NYSE:BNS](#)) is well on its way to becoming a global banking powerhouse.

Everybody focuses on the company's Canadian operations, which continue to impress. Mortgage growth has been solid, loss ratios continue to be low, and the company's credit card and wealth management divisions continue to deliver good results. It's good to be a Canadian bank.

But I think the emphasis should be on the Latin American assets. Scotiabank has been slowly expanding in Central and South America for two decades now, building up large operations in nations like Mexico, Peru, Chile, and Colombia. Banking in these nations comes with better growth potential

and higher net interest margins. What's not to like?

Meanwhile, the stock pays an attractive 4.6% dividend yield with a historical dividend-growth rate of approximately 8%. That's a powerful combination.

Canadian Utilities

Canadian Utilities ([TSX:CU](#)) has been in the doghouse over the last little while because of exposure to Alberta — a province hurting from energy's fall. What a great time to pick up shares for the long term.

We'll start with the company's dividend-growth history, which is as good as you can find here in Canada. The company has raised its quarterly payout annually for each of the last 47 years. Its most recent increase, which was announced in January, was 7.5% higher than last year's payout. That gives shares a forward yield of 5.1%.

Shares trade at an attractive valuation, checking in at just over 15 times forward earnings expectations. Management predicts solid growth over the next few years too, as various growth projects come online. Big growth projects include the Fort McMurray West 500-KV Transmission Project and expanding power generation assets in Mexico. These should fuel sufficient top-line growth to increase the dividend over the next few years.

Intact Financial

Intact Financial ([TSX:IFC](#)) is Canada's largest property and casualty insurer, operating under brands like Intact, Belairdirect, and Brokerlink. Intact's 17% market share might not seem that impressive on the surface, but it just goes to show how fragmented the overall market is. There's plenty of opportunity for consolidation.

Meanwhile, Intact has turned its focus to the United States, where there are far more acquisition opportunities. It paid \$2.3 billion to acquire OneBeacon, a specialty insurer south of the border. This asset has performed well so far, with a combined ratio of 94.8% in 2018. Remember, anything below 100% shows an insurer is making money on underwriting alone, before investing the premiums profitably. That's a good sign.

Intact has been a dividend-growth monster since its 2005 IPO, increasing its dividend from \$0.65 per share to \$3.04 per share on an annual basis. That's good enough for a 2.7% yield today.

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1. NYSE:BNS (The Bank of Nova Scotia)
2. TSX:BNS (Bank Of Nova Scotia)
3. TSX:CU (Canadian Utilities Limited)
4. TSX:IFC (Intact Financial Corporation)

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