



3 Incredible Cash Cows for Income Investors

Description

Picking and choosing investments that one can milk for a lifetime (especially those with a penchant for providing more milk over time) is both an art and a science. In this article, I'm going to provide three of my top picks for long-term income investors.

Enbridge

In the oil & gas space, **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)) has remained one of my favourite picks because of the long-term, conservative nature of this income investment. Shareholders are almost guaranteed an [annual double-digit dividend hike](#) each and every year. The sheer compounding effect for an investor seeking long-term income growth cannot be understated.

The company's management team has confirmed for 2019 and 2020 it intends to raise its dividend an additional 10% each year, adding to a very impressive track record over time.

Enbridge's Line 3 expansion project will increase the company's total capacity by more than 10%, a move that's likely to impress Alberta's regulators who have been banging the drum for more capacity as heavy oil discounts have eaten into Alberta's oil sands coffers recently. I see Enbridge as a convenient long-term play for those seeking Canadian oil & gas exposure, as I don't foresee that the company will be allowed to fail, or even falter, from a political perspective, making such an investment ultra-safe, in my opinion.

Enbridge currently yields 6.2%.

Fortis

In the utilities space (another boring, but essential industry), **Fortis Inc.** ([TSX:FTS](#))([NYSE:FTS](#)) has been one of my [top picks](#) for a long time, again due mainly to the company's commitment to providing dividend stability and growth over time.

Fortis is almost entirely in the regulated utilities space, with revenue contracts that are secured over

the long term, providing investors with cash flow security like few other companies. The utilities giant has continued to make smart acquisitions over time, supporting free cash flow growth despite the heavy capital investment required in this sector. The company has raised its dividend for more than four decades and has committed to raising its dividend over the medium term at an average rate of 6%.

Fortis has both the track record and the stability every long-term investor wants and remains a top pick of mine due to its attractive valuation. The stock currently yields 3.9%.

Vanguard Dividend Appreciation ETF

In the Exchange-Traded Fund (ETF) space, Vanguard has launched a very interesting dividend ETF with a strategy I can firmly get behind.

The **Vanguard Dividend Appreciation ETF** (NYSE:VIG) invests mainly in U.S. companies with proven track records of raising their dividends over time (one of the most important, if not the most important, aspect of an income investment for those with long investing timelines).

This ETF has provided an incredible return over the past 10 years (through the recession, nonetheless), of approximately 9% per year, following a relatively conservative investing methodology.

VIG currently yields 2%, much lower than the other two options, but is a much more diversified play, offering out-sized growth potential.

Stay Foolish, my friends.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:FTS (Fortis Inc.)
3. TSX:ENB (Enbridge Inc.)
4. TSX:FTS (Fortis Inc.)

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