



TFSA Investors: These 3 Dividend Aristocrats Offer Both Income and Growth

Description

Owning dividend aristocrats in your portfolio can be very important, as you need to have some guaranteed income no matter what stage you're at in your life. Owning stocks strictly for capital gains, while it can be more rewarding, it can also be a lot more speculative, as you're relying completely on share price appreciation to make money.

Diversifying between growth stocks you're buying for capital gains and dividend stocks you're buying for income is extremely important. Finding stocks that offer both, however, can be the key to a well-assembled portfolio.

[Dividend aristocrats](#) are companies with a track record of continuously increasing their dividend. When companies increase their dividends, it's very attractive for investors, as they now receive more yield than was first anticipated. If you buy a stock with a yield of 6% today, and 10 years from now it has doubled its dividend payout, you're receiving a 12% yield on your original investment.

This is where a lot of money can be made for investors in the long run, with growth of dividends returning additional capital each year.

Three stocks that are some of the best and longest standing dividend aristocrats are **Alaris Royalty Corp** (TSX:AD), **Canadian Tire Corporation Limited** ([TSX:CTC.A](#)) and **Parkland Fuel Corp** ([TSX:PKI](#)).

Alaris Royalty

Alaris is an investment company headquartered in Calgary. The company invests in small businesses in Canada and the United States, and typically makes non-control, preferred equity investments in businesses looking to refinance or buyout partners. This allows the owners to continue to operate their businesses without the headaches of liquidity problems.

Alaris structures each deal so that its preferred equity gets a dividend based on the company's top line numbers. While the clauses in the contract don't allow Alaris to fully participate in the growth of the

companies, it's still exposed to some growth, and has a more stable dividend from each investment.

The distributions Alaris receives from its investments directly fund the dividend it pays to shareholders. Currently, Alaris shares are returning 8.9% to investors through its monthly dividend.

Canadian Tire

Canadian Tire is a retailer in Canada operating a network of 1,700 stores. The network of stores includes Canadian Tire, Sport Chek, Marks and others. Additionally, the company also has a finance and real estate arm that offer the company strategic synergies. When looking at the history of Canadian Tire's dividend, it's clear to see why it's a dividend aristocrat.

Since 2010, the company has raised its dividend every year, totalling a 345% increase during that period. While the dividend currently only yields 3.1%, it's very stable at just a 35% payout ratio. In addition, Canadian Tire is also a great growth stock, so the dividend is just a bonus.

Parkland Fuel

Parkland Fuel is a marketer and refiner of fuel, operating in Canada, the United States and throughout the Caribbean. The company is also in the convenience store industry. Parkland has approximately 2,600 retail gas stations and a refining capacity of about 60,000 barrels a day.

Parkland is an incredible growth stock that has done an impressive job growing by acquisition over the years. A \$10,000 investment 10 years ago would be worth nearly \$125,000 today with dividends reinvested. Currently, Parkland's dividend is 2.9%, and it has increased the dividend each of the last five years.

The company could afford to pay more of a dividend, but as it's still growing, it's spending money on capital expenditures. In the long run, if management can continue to deliver, these capital expenditures should return additional cash to investors.

Bottom line

Whichever one you choose, whether Alaris for more of a yield or Canadian Tire and Parkland for more growth, you know you're getting a great company.

Stay hungry. Stay Foolish.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:AD.UN (Alaris Equity Partners Income Trust)
2. TSX:CTC.A (Canadian Tire Corporation, Limited)

3. TSX:PKI (Parkland Fuel Corporation)

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