How to Grow Your Wealth During the Trade War

Description

Editor's Note: *A previous version of this article stated that Open Text is a "Calgary-based software provider." It has since been updated to reflect that Open Text is a "Waterloo-based software provider."*

Dividend growth stocks are the logical choices of income-seekers and retirement planners. The increasing and continued receiving of income is the compelling reason why these stocks are the core holdings in any investment portfolio, or even TFSAs.

The ongoing trade war and the concerns over a global economic slowdown are scaring investors. Stock portfolios are being reassessed or rebalanced. Businesses that would be impacted by the increased tariffs or regulations are likely to suffer. Hence, the recourse is to look for stocks that aren't affected at all.

Given that barometer, you can forget about the trade war and invest in dividend growth stocks like **Open Text Corporation** (TSX:OTEX)(NYSE:OTEX) and **goeasy Ltd.** (TSX:GSY). There's no need to be burdened by worries and fears over the issue of tariffs.

Tech stock as a safety net

The technology sector is already reeling from the pestering trade war. Aside from the increased tariffs, tech companies are facing new regulations and boycott of their products. The U.S. and China will use anything as economic weapons.

Among the tech stocks, Open Text Corp. is least likely to be affected. With or without a trade war, digital transformation will continue. Many organizations, mid-market companies, and government agencies need to digitize their processes. Hence, the business of this Waterloo-based software provider is not under threat.

The enterprise information management (EIM) in which Open Text operates is huge; it's worth about $40 billion. The company has stamped its class and expertise in designing, developing, marketing, and selling EIM software and solutions. Many strategic partnerships have been established too.

Open Text has raised dividends for five consecutive years, and the company has thus been elevated to the level of a Dividend Aristocrat. The current yield of 1.7% is relatively low for a dividend aristocrat. However, the yield can double in less than five years given the projected 15% annual dividend growth rate.

Strictly for the domestic market

Loans provider goeasy is definitely far from being affected by the ongoing trade disputes. Their lead products, easyfinancial and easyhome, cater exclusively to Canadian consumers. The business has been steady and income is ever-increasing.

Also, this full-service provider of goods and alternative financial services is one of the best Canadian dividend stocks in 2019. Since 2014, the dividend has more than doubled. Investors are taking note of the five consecutive years of raising dividends. By 2020, goeasy could be in the ranks of Dividend Aristocrats.

Early this year, it was predicted that goeasy will be one of the preferred financial stocks. The current dividend yield is 2.5%, but even with the fast pace of dividend growth, the payout ratio is low at 24.81%. GSY is doing very well; it's now up by 39.4% year-to-date. Analysts see a potential 4.5% increase looming.

A protracted trade war is a frightening scenario for investors. Luckily, you can invest in the chosen few stocks to avoid the effects. The global software powerhouse and the Canadian-focused alternative lender are the practical choices.

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2. Tech Stocks

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2. TSX:GSY (goeasy Ltd.)
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