Invest Like Kevin O'Leary by Doing This One Thing

### Description

There are few more polarizing financial commentators than Mr. Wonderful himself, Kevin O'Leary.

Personally, I love O'Leary. His take-no-prisoners attitude is always entertaining. I regularly crack up when seeing him berate an unprepared pitch on a *Dragon's Den* re-run or new *Shark Tank* episode. I even remember watching web clips of his commentary on *Business News Network* back when he and Amanda Lang were regulars together.



At heart, O'Leary is a value investor with a preference for dividends; it's obvious whenever he makes an offer to a budding entrepreneur in the Shark Tank. It might not get him many deals on the show, but it's still a great way to invest.

It's a method at every investor should consider copying. Here's why O'Leary loves dividends so much and a couple of stocks you can buy if you're looking to build a Mr. Wonderful-inspired portfolio.

## Always listen to your mother

O'Leary's love of dividends comes from a source close to him. From a 2018 interview:

My mom understood a very basic premise: never spend the principal, only the interest.

According to O'Leary, his mother accumulated an impressive investment portfolio before her death by following that simple rule. Her assets were solely in boring dividend-paying stocks and high-quality corporate bonds. In fact, when he reviewed her results after she passed away, O'Leary discovered that his mother's portfolio had outperformed the broader markets.

The Shark Tank regular has long had his portfolio invested in dividend-paying securities, telling investors he refuses to invest in anything that didn't pay a dividend.

## Two O’Leary-inspired stocks

Unfortunately, we don’t know exactly what O’Leary invests in. But we have a pretty good idea based on what he’s said about his portfolio over the years.

**BCE Inc.** (TSX:BCE)(NYSE:BCE) is very much a stock Mr. Wonderful would own. Canada’s largest telecommunications company owns an assortment of assets that generate gobs of cash flow, including the nation’s largest wireless network, cable television and internet services through its wireline division, and some of Canada’s finest media assets. Oh, and it also owns a chunk of Maple Leaf Sports and Entertainment, which includes the newly crowned NBA champion Toronto Raptors.

Owning the phone company isn’t a very sexy investment. But the stock has still done well in the last 15 years, delivering a 10.9% annual return if dividends were reinvested. That’s enough to turn a $10,000 original investment into something worth $47,400.

BCE pays one of the best dividends in the market, too. The quarterly payout is $0.793 per share, which works out to a 5.2% yield on an annual basis. The company has increased its dividend each year since 2009.



**Enbridge Inc.** (TSX:ENB)(NYSE:ENB) is also the kind of boring stock O’Leary would be comfortable owning. The energy infrastructure giant transports some three million barrels of oil per day through its liquids pipelines, as well as owning more than 192,000 miles of natural gas pipelines. It also has a large natural gas utility business and renewable power generation assets.

In short, Enbridge is a behemoth that generates a mountain of cash flow from its impressive array of assets.

Enbridge just keeps getting bigger, too. Between now and the end of 2020, the company plans to spend $16 billion on growth projects. Post-2020 there will be between $5 and $6 billion in organic growth opportunities available on an annual basis as well.

Like BCE, Enbridge is a dividend growth monster. The company has hiked its payout each year since 1996, including a 10% increase already in 2019. Management also projects 5-7% dividend growth annually going forward. The current yield is 6.4%.

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