



Cook Up Some Tasty Profits With This All-Weather Dividend Stock

Description

When it comes to high yields on the TSX, the 6-8% bracket is the Holy Grail for income investors. What's even more rare, though, is a stock that falls into this category while also offering both stability and growth. Sure, a company may reward shareholders handsomely, but if those payments are not well covered, or if a poor track record doesn't inspire confidence, you'd be making a poor investment if you bought in.

This is not so with **Superior Plus (TSX:SPB)**. Currently [rewarding investors with a mouth-watering dividend](#) and having already returned over 30% this year, Superior Plus lives up to its name and is the one stock I would buy right now in the propane space.

A meaty dividend stock to fill up on

Superior Plus knows how to reward its shareholders handsomely, and although its yield has now dipped below the 6% line to 5.4%, it's still a high-octane buy for a passive-income investor. A must-buy for materials investors seeking a high yield, Superior Plus is well protected against competitors, being the number one Canadian propane distributor with some exposure to the U.S. as well. Add it all up, and you have North America's third-largest distributor of the fuel.

This sheer size gives Superior Plus two distinct advantages: first, it cuts down overheads, allowing for a decent margin, and second, it repels competitors who are unable to match the distributor on its own turf. There's also an element of diversification built into this stock, since it pulls in 30% of its profit from a specialized chemical segment focused on two salts used in a variety of industrial processes.

While generally stable and recession-proof, there's a seasonal boost for Superior Plus. Take a walk through any Canadian residential area, and you'll doubtless find yourself enveloped in the aroma of a barbeque. This feeds directly into Superior Plus's top line as Canada's go-to propane supplier with a roughly 40% market share.

For a returns-focused investor, Superior Plus offers an attractive addition to a dividend portfolio light on materials stocks. With propane making up 70% of its business, this stock is an excellent entrance to a

sector, which, though reliant on one material, is extremely diverse. From a cooking fuel to a means of heating, plus an energy source for areas lacking access to gas lines, propane makes for a smart play with exposure to a broad swathe of industries.

As such, it's surprisingly defensive: a material essential to the country's infrastructure that sees sales spike in summer thanks to barbeque season and winter thanks to heating, you're looking at an investment that's literally all-weather. In short, if you're looking for a high-yielding dividend payer that's ready for a recession, this could be it.

The bottom line

Analysts are bullish on Superior Plus, and I believe you should be, too. If you're in the market for a [high-performance materials stock](#) that can reward investors with impressive returns, Superior Plus can not only keep you in sending money, it can also add safety to a portfolio containing an uncomfortable amount of risk.

CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

TICKERS GLOBAL

1. TSX:SPB (Superior Plus Corp.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

Date

2025/07/21

Date Created

2019/06/28

Author

vhetherington

default watermark