Cautious Investors: 3 Safe Stocks With Growth Potential

Description

Stocks that are less widely held are usually undependable, if not risky investments. Blue-chip stocks are highly preferred because of the history of earnings and sustainable dividends. However, there are companies that are not in the league of blue-chip stocks but are extremely reliable investments.

Canadian Natural Resources (TSX:CNQ)(NYSE:CNQ), **Power Financial** (TSX:PWF), and **Vermilion Energy** (TSX:VET)(NYSE:VET) are included in my list of special and gilt-edged stock investments. All three are safe investments with growth potential.

Canadian Natural Resources

This energy stock enjoyed moderate gain at the close of the second quarter. The shares of Canada Natural Resources are up 9.42% year to date, but the price won't stay at $35.31 for long. Analysts see an uptrend developing and are now forecasting a potential upside of 55.76% in the next 12 months.

The $42 billion oil and gas company has delivered an average net income of $2.5 billion in the last two years on average and total revenue of $19.1 billion. Prior to 2017, the company had huge losses that prompted fundamentals to weaken.

Despite two years of adversity, CNQ is regarded by investors as a fabulous stock. The oil and gas company is a dividend payer that boasts of an impressive history of delivering market-beating returns. Canadian Natural Resources has grown dividend for 17 consecutive years.

If you're saving up for the future, this is one Canadian oil and gas stock you can hold for five years and beyond. The dividend is safe and sustainable — especially now with stronger fundamentals.

Power Financial

The financial services company is suited for income chasers, prospective retirees, and newbie investors. A high dividend yield and an excellent track record of paying dividends make Power

Financial a dependable source of passive income.

Are the dividends safe, or can the company sustain paying dividends of 4.8%? The company has paid a total of $10 billion in dividends over the last 10 years. Growth in dividends per share for the same period is 32%. Power Financial's payout ratio is a healthy 57.15%.

There is plenty of room to earmark a larger portion of income as dividends. However, the company has maintained 2.7% in annual growth in dividends. That's a bit conservative and not a high growth rate.

I'd rather opt for a stock that pays consistent and predictable dividends. But I would certainly welcome an increase in dividend payments when business is growing.

Vermilion Energy

The oil and gas company is one of the great comeback stories in 2018. From $62.5 million in 2017, net earnings zoomed to $271.6 million, or a 334.5% increase the next year. Many investors are invested in Vermilion Energy because of the very high 9.7% dividend yield.

Vermilion started paying dividends in 2003 and has achieved a consistent record of better-than-market performance over 20 years. Dividends increased four times and not once were reduced. At $28.45, the stock is a solid buy with price projected to soar by 75.7% within the next four quarters. Don't wait for the herd and buy now.

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1. Dividend Stocks
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2. NYSE:VET (Vermilion Energy)
3. TSX:CNQ (Canadian Natural Resources Limited)
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