



3 Top Stocks Dividend Investors Should Own

Description

When it comes to investing in stocks, Canadians are usually told to look into three areas: banks, energy, and dividends. The three are usually connected, as the oil and gas industry is well known to be a large contributor of dividends, followed closely by banks.

So, if you're an investor looking for dividend stocks, banks and energy stocks are usually the best place to look — however, not exclusively. Here are some stocks that have attractive total returns, with the company able to grow both its earnings and the dividend in the meantime.

Fortis

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) is a utility stock that most investors would love to have in their portfolios. The stock has seen above-average returns, with the company also increasing its dividends for four consecutive decades. In the last few years, that growth has averaged 6% per year, with management promising to continue that trend until 2023. The current yield stands at 3.49%.

Growth will likely continue for the [long term](#), as the company continues to expand into the United States, and there's already been a lot of it in the last year. The stock has increased 22% in the last year alone, even after the market downturn. Analysts don't believe there will be too much more movement in the next 12 months, but over the long term this stock should give investors some gains both in share price and in dividends.

Canadian Natural

Canadian Natural Resources ([TSX:CNQ](#))([NYSE:CNQ](#)) is a [top stock pick](#) by analysts who see the potential for a huge comeback by the energy company. The dividend all star has a 19-year history of dividend increases, with a current dividend yield of 4.40%. The last dividend increase was a whopping 12%.

Its share price is another reason investors are interested. The stock currently trades at \$34.49 per

share, with analysts believing the fair value belongs much higher at around \$60 per share. This comes from the company's wide moat as the largest oil and natural gas producer in Canada, supported by its North Sea and African operations. As the oil and gas industry rebounds, this stock should soar right back up to fair value, so investors will want to grab this dividend stock while they can.

Great-West Life

Another stock that doesn't fall into the energy or banking category is **Great-West Lifeco** ([TSX:GWO](#)), the titan of insurance companies. That title has pretty much been solidified, as the company just recently announced that Great-West Life Assurance Company, London Life Insurance Company, and the Canada Life Assurance Company, along with all holding companies, will now become one company known as The Canada Life Assurance Company.

The company consistently earns above-average returns to support its 5.6% dividend yield, with analysts believing the stock to be quite undervalued at \$29.51 per share as of writing. Fair value puts it much closer to \$42 per share — a number the stock hasn't seen in quite some time. After hitting around \$35 per share back in April, the stock has been on a downward trend but seems to be in the midst of a comeback with the recent news. Investors should prepare themselves for more news that could send the stock higher, especially with the company buying back stocks.

Foolish takeaway

You don't always have to go with the same old thing when it comes to dividend stocks, and in fact sometimes there are stocks that can offer investors solid growth in both earnings and dividends that don't belong in either category. All three of these stocks have a solid track record of dividend increases and earnings growth, though all are currently undervalued. That makes now the best time to buy up these stocks and bring on the dividends.

CATEGORY

1. Dividend Stocks
2. Investing

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1. NYSE:CNQ (Canadian Natural Resources)
2. NYSE:FTS (Fortis Inc.)
3. TSX:CNQ (Canadian Natural Resources Limited)
4. TSX:FTS (Fortis Inc.)
5. TSX:GWO (Great-West Lifeco Inc.)

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Date

2025/08/27

Date Created

2019/07/27

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