1 Low-Risk Dividend Stock That Returned a Whopping 25% This Year

Description

Some dividend investors have tunnel vision when picking stocks, which means that the focus is very narrow and limited to high-yield dividend stocks.

However, risk appetites vary from person to person. Others prefer strong dividend stocks that do not necessarily pay high dividends, although they provide a high margin of safety.

If you're looking for a low-risk dividend stock, **Metro** (TSX:MRU) is a good investment prospect. The company is not among the highest dividend-payers, but the stock counts as among the 95 Dividend Aristocrats on the **TSX**.

Just about the best of the best

When you review the statistics regarding Canadian Dividend Aristocrats, the average yield is 3.71%. The companies made it to the distinguished list because each one has recorded a dividend growth streak for at least five years.

The 72-year old Metro is a breed apart. This $14.88 billion retailer and distributor in the food and pharmaceutical sectors boasts a dividend growth streak of 24 years.

This record makes it the top consumer goods aristocrat as well. The company operates a network of more than 600 food stores plus more than 650 drugstores.

In 2017, Metro was able to expand and gain entry into the lucrative pharmacy market via the acquisition of Jean Coutu Group. The said purchase was the reason why Metro is now the single-largest employer in Quebec's private sector.

On an annual basis, Metro posts over $16 billion in sales. In the food sector, it carries the Metro, Metro Plus, Super C and Food Basics brands. The Metro Pharmacy, Jean Coutu, Brunet, and Drug Basics are its known banners in the pharmaceutical sector.

Because of this expansive network, Metro can showcase its commitment to delight customers, strengthen communities, and empower 90,000 employees. The company is also proactively countering online shopping.

Through its third-party partnership, you can shop, purchase groceries, and have them delivered to your home by hand. Metro is also active in the growing meal prep and delivery service.

Remarkable performance

A grocer stock like Metro is a refreshing option for investors. Had you invested in this stock three years ago, your investment would have grown by 45.85%. But those who invested MRU at the start of 2019 are delighting today.

On a year-to-date basis, the shares are up 25.6%. Add the 1.37% dividend and your overall return is very decent. Analysts covering the stock are forecasting an increase of about 17.62% from its last price of $58.56 in the next 12 months.

Profit growth wasn't a concern over the previous five years. Metro's average annual growth rate of 26% is better than the industry's growth rate of 12%.

The company's massive network is also an advantage. The combination of food and pharmacy businesses can deliver cash flows to cover both debts and dividends.

Compelling reasons

There are three compelling reasons why you should consider including Metro in your portfolio before 2019 ends. The company has scale, robust financials, and an impressive dividend track record.

This leading grocer can fend off the challenge of e-commerce retailers with its massive network. After all, the personal nature of grocery shopping is hard to topple.

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