



3 Lesser-Known Dividend Aristocrats to Earn You Up to 5.6%

Description

When selecting the companies that will make up your portfolio there are the large blue-chip companies to consider that are always an investor favourite. Companies such as **Enbridge** and **Canadian National Railway Co.** are owned by a wide group of investors, and for good reason.

These companies are some of the best businesses in the country and they are crucial to the growth and success of the economy.

Because these companies are so high quality and therefore investor favorites, they tend to trade for premiums, so even though they are great investments, you can't get them for as cheap as you could a lesser-known stock.

While lesser-known stocks may not be as popular, they give you the opportunity to find them undervalued. When you find companies with the same level of quality as a blue chip, you have a clear long-term winner.

These three stocks are all high-quality but all lesser known; they are also all included in the Canadian Dividend Aristocrats list, showing that they have a strong track record of growing and maintaining their dividends.

The first stock to consider is **Exchange Income Corp** ([TSX:EIF](#)), a diversified company owning a portfolio of businesses in the aviation and manufacturing industries.

It's essentially an investment company that acquires small companies that generate quality cash flow and operate niche business or in untapped sectors of the market.

What's immediately noticeable when analyzing EIF is that the company returns more than 10% a year on equity and is very consistent about it.

It's also quite clear to see the growth in its business, especially its earnings before interest, taxes, depreciation and amortization (EBITDA).

In the last five years alone, the company has increased its EBITDA by more than 80%, and the dividend has increased along with it.

Today its dividend yields roughly 5.2%, and its stock trades at a price to earnings ratio of just 17 times. When you consider the growth you can expect to see, it looks very attractive from a long-term perspective.

The next [Dividend Aristocrat](#) to consider is **North West Company Inc** ([TSX:NWC](#)) a consumer staple operating in Northern Canada, Western Canada, Alaska and the Caribbean.

North West is retailer of food and other everyday services to urban neighbourhoods, but more important, underserved rural communities. Many people living in these communities rely on North West to get their living necessities, making North West an integral part of the economy in these regions and putting it in a strong operating position.

The company can't be expected to appreciate quickly, but it can be relied on to return you a steady and growing dividend, which if you buy today would yield you roughly 4.7%.

It too is trading at an attractive valuation, and could especially be a strong stock to add to your portfolio if you're are worried about a recession.

The third and final company is **Keyera Corp** ([TSX:KEY](#)) a midstream energy company that isn't as popular as some of its peers, but the company is still extremely reliable and running a strong business.

The dividend is the highest of the three aristocrats I'm recommending today at 5.7%. As with all Dividend Aristocrats, you can expect it to grow the dividend considerably throughout the future.

Since Keyera's inception in 2003, the company has increased the dividend at an 8% compounded annual growth rate, a truly impressive feat.

It hasn't been able to do that without strong operations that have been highly profitable.

As with any company in the Western Canadian energy industry, however, it does come with some risks, albeit there's currently nothing to suggest that Keyera will have any issues, and it's positioned well to be around for the long term.

Investors should strongly consider adding any or all of these stocks to their portfolios today. Given the stability of each of these companies and the current market conditions, the dividends look to be very attractive, and these companies can all be counted on to execute over the long term.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:EIF (Exchange Income Corporation)
2. TSX:KEY (Keyera Corp.)

3. TSX:NWC (The North West Company Inc.)

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