



2 Core Canadian Stocks That Already Raised Their 2020 Dividends

Description

Core stocks are the types of companies that are the best of the best. These stocks are so high quality that they should make up a large portion of your portfolio, as over time they will be expected to make up the bulk of your portfolio gains.

While the exact type of core stock will be different for everyone, they'll be easy to distinguish, as they are the ones you look at and know you can own this business forever.

One great quality of a core stock is a consistent dividend that's stable and raised annually.

As an investor, having cash returned to you so you can go out and find your next acquisition is important; having that income grow each year is a key part of that.

Two top Canadian companies that most investors will consider core stocks for their portfolio that have already raised their dividends for 2020 are **Enbridge Inc** ([TSX:ENB](#))([NYSE:ENB](#)) and **Suncor Energy Inc** ([TSX:SU](#))([NYSE:SU](#)).

Enbridge

Although Enbridge's first dividend of 2020 will be higher than last year's, the company actually announced the dividend hike at its last earnings report in December.

[Enbridge](#) has been seeing strong growth numbers in its operations, reflecting the highly stable and massive cash generating business that investors expect.

Up until 2019, its dividend had been increased rapidly the previous five years dating back to 2014, up about 110% or a compounded annual growth rate (CAGR) of more than 16%. This is incredibly high growth and not to be expected going forward.

The company has actually stated that it expects to increase the dividend at a 5% to 7% annual pace until at least 2022 — not as much as the last five years but still an attractive growth rate for a large and

stable core business.

The most important thing when it comes to the dividend — more than the size of its yield and the pace at which it's increasing is the stability. With Enbridge's strong and highly-predictable cash flow, it's hard to find a dividend that's in a more sustainable position.

Enbridge is included in the Canadian Dividend Aristocrats list, and one of the most attractive stocks among the group of prestigious companies, so you know its dividend is strong.

Today it yields roughly 5.75%, an extremely attractive dividend rate for one of the most reliable companies in Canada with considerable capital gains potential as well.

Suncor

Unlike Enbridge, Suncor actually raised its dividend recently, announcing the 11% increase to its quarterly dividend at its fourth quarter 2019 earnings report.

The company also announced a write-down, causing the street reacting negatively to its earnings. If you look at the company from a long-term view, this slight pullback is just a great entry point for investors, especially as the outlook for its business over the long term is completely unchanged.

The worry about its upstream operations is somewhat justified, but the market seems to be discounting its strong downstream assets, which give it its integration and help the company to continue to deliver strong operating cash flow numbers that it uses to fund the dividend.

Dating back to 2014, Suncor grew its dividend by roughly 65%, not as much as Enbridge's 110% increase, but still significant and attractive for investors.

Annually the dividend had a CAGR of roughly 10.5% during that span, and with its most recent increase of 11%, the company is staying on track.

The stock now yields more than 4.8%, an attractive yield especially after the small selloff witnessed after earnings. However, this selloff appears to be an overreaction, and I'd expect shares to rebound this week.

Bottom line

Finding companies that raise their dividends often is one of the tell-tale indications that companies have what it takes to be a core stock in your portfolio.

Some of the other qualities that it needs include a robust business, high-quality operations, a strong management team as well as operating in a growing industry that's crucial to the economy.

When you find all of these factors, you know you have a winner — and you'll want to make that stock a core position in your portfolio to ensure your long-term investing success.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

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2. NYSE:SU (Suncor Energy Inc.)
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