



Forget High-Risk Stocks: Buy These 3 Dividend Aristocrats for Long-Term Success

Description

Investing in high-risk stocks can be extremely tempting, as the potential rewards can be massive. However, time and time again it's been proven that over the long term, high-risk investing won't work out and will could ultimately see investors losing a great deal of money.

Trying to make a large amount of money in a short period will almost always lead to disaster, so look to buy stocks that will be the best of the best over the long term.

Choosing companies with the ability to grow their business each year — and thus increase the value of the investment for shareholders as well as offer a growing dividend is the best long-term strategy out there.

Stocks that are able to sustain and increase their dividend each year represent some of the best companies, which is why the list of [Canadian Dividend Aristocrats](#) exists — to show investors the top long-term companies from which to build a portfolio.

Three of the most attractive aristocrats to buy today are **BCE Inc** ([TSX:BCE](#))([NYSE:BCE](#)), **Canadian Tire Corp** (CTC.A) and **TC Energy Corp** ([TSX:TRP](#))([NYSE:TRP](#)).

BCE

Massive telecommunications titan BCE is one of the best long-term investments any Canadian can make.

In addition to being staples of the economy, BCE's businesses are always naturally growing,

The company's three segments — wireless, wireline and media — are naturally integrated, helping the company to not only save on costs but also grow organically.

In the last five years, BCE has grown its earnings before interest, taxes, depreciation and amortization (EBITDA) by more than 20%, a pretty significant growth rate for such a large, blue-chip company.

Its dividend has increased even faster, up more than 28% over the last five years and now yielding upwards of 5.1%.

The stock trades at just 19.1 times earnings with an enterprise value to EBITDA ratio below 8.9 times — an absolute steal for a company of BCE's size and quality.

Canadian Tire

Canadian Tire, one of the most well-known companies in Canada, continues to reward shareholders with strong results.

The company reported earnings last week, and as usual with Canadian Tire, the numbers it reported were strong.

It continued to see strengthening comparable sales across its major retail banners, with Canadian Tire stores delivering the most year over year growth in sales at 3.8%. The company's consolidated comparable revenue was up roughly 3.6% year over year, a strong increase to its core retail business.

It also reported strong numbers from its financial services segment, growing revenue nearly 6% for the full year as well as normalized income before tax out of the segment which was up 5%.

All in all, the company was able to generate \$13.04 in normalized earnings per share for the year, an increase of more than 9%, giving Canadian Tire a price-to-earnings ratio of 11.4 times its 2019 earnings.

Canadian Tire's consistent growth has been strong, as is evidenced by its EBITDA up roughly 35% in the last five years. This allows it to continually raise the dividend, which has been increased by 117% in the last five years and yields more than 3% today.

TC Energy

TC Energy is an energy infrastructure company with three complementary businesses that combine to bring energy to millions of people.

Its three businesses consists of a natural gas pipelines business, which transports more than 25% of North America's natural gas, a liquids pipeline business that transports roughly 20% of Canadas oil exports to the U.S, as well as a power business with an economic interest in 10 power generating facilities combing for roughly 6,000 MW of generating capacity.

The natural gas pipeline segment that operates in Canada, the U.S as well as Mexico is TC Energy's largest business, earning more than 70% of its revenue in 2019 and more than 67% of its total EBITDA.

TC Energy trades at just 17.5 times earnings with an enterprise value to EBITDA of just 12 times.

The company pays a growing dividend that yields roughly 4.3% and will continue to increase as TC Energy grows its high-quality business operations.

Bottom line

These three businesses each offer investors major upside over the long run, and though they may not offer the potential for massive rewards in a short period, they also have very little risks surrounding their business and can be a part of your portfolio forever.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:TRP (Tc Energy)
3. TSX:BCE (BCE Inc.)
4. TSX:CTC.A (Canadian Tire Corporation, Limited)
5. TSX:TRP (TC Energy Corporation)

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