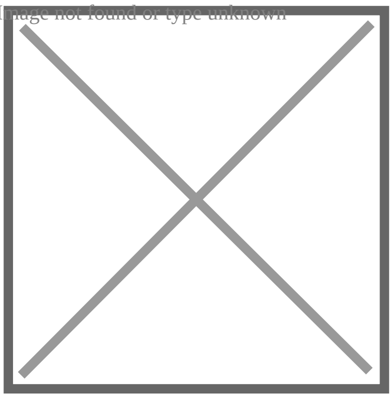
Image not found or type unknown



Dividend-Growth Stocks: 2 Top Picks for December 2020

Description

When it comes to investing, building your portfolio will be different for everyone. We all have different situations, different obligations, and different investing timelines. Furthermore, we all have different preferences. Some investors may prefer high-potential growth stocks. For me, personally, my favourite investments are dividend-growth stocks.

There is no wrong way to invest, as everyone will have a different mixture of stocks. There are, however, inefficient ways of investing if you buy stocks that underperform their peers. That's why many investors should consider putting at least a portion of your portfolio in index funds, as a famous investor like Warren Buffett suggests.

For those investors who do want to pick their own stocks, whether it be some or all of your portfolio, as I said before, my favourite investments are dividend-growth stocks.

High-quality dividend-growth stocks are ideal investments, because they're great long-term businesses. These companies are continuously growing and expanding their businesses, as well as returning cash to shareholders. Some of the top dividend-growth stocks can be found on the Canadian Dividend Aristocrats list. Here are two of the top stocks to buy today.

TSX telecom stock

Telecom stocks are some of the best long-term, dividend-growth stocks you can buy. My personal favourite is **BCE** (TSX:BCE)(NYSE:BCE), the largest of its peers.

BCE is an ideal stock for several reasons. First and foremost, in this environment, BCE is attractive for its incredible resilience. It's also so well regarded because of its consistent growth in its business operations for decades.

The pandemic has slightly impacted the dividend-growth stock. Its media business, which is only a small portion of its overall operations, has been impacted the most. In addition, its wireless segment has also seen a sizeable impact. This is due to essentially no roaming charges from travelers and a lot more people using WIFI at home.

However, despite these impacts, BCE is showing exactly how robust it is, with sales down just 9% in the second quarter and 3% in the third quarter.

So with its stock still trading below where it was at the start of the pandemic, it's offering investors an incredible entry point. As we return to normal, BCE's operation will naturally recover and continue to grow.

So, to be able to gain exposure to the dividend that's yielding more than 5.75% is an incredibly attractive proposition. Not to mention, the dividend-growth stock has increased its payout by more than 28% over the last five years.

Consumer staple dividend stock

Another super high-quality dividend-growth stock you could consider is **North West Company** (TSX:NWC). North West is a consumer discretionary company that owns supermarkets in mostly remote communities. Consumer staples have naturally been some of the strongest performers through the recession.

That is to be expected for two reasons. Firstly, a lot of other non-essential businesses have been shut down. And secondly, consumer discretionary stocks tend to do well in adverse economic conditions, because rational consumers will forgo discretionary items before they give up buying household essentials.

So, North West has benefitted greatly by owning supermarkets that sell essentials. It's especially benefitted when other non-essential businesses in its communities are getting shut down. That's because residents have to temporarily turn to North West stores to buy their big-ticket items.

This has helped grow North West's sales and market share in its communities. That's not the only reason for the dividend stock's strong performance, though. The company has been ready for this pandemic, because it's been working hard the last few years to optimize its operations and vertically integrate its business to improve its profitability.

We saw evidence of this perfectly last quarter when North West reported incredibly strong earnings and raised its dividend by 9%. The company reports earnings again tomorrow, so we will get another look into how the business has progressed since the summer.

For long-term investors, though, North West is a great investment. Not only can you count on it to continue to grow its operations over the coming months, but it also pays a 4.4% dividend. That dividend has grown by more than 16% in the last five years, showing what an incredible long-term investment this Dividend Aristocrat can be.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. TSX:BCE (BCE Inc.)
3. TSX:NWC (The North West Company Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date
2025/08/27
Date Created
2020/12/08
Author
danieldacosta