



2 Dividend Companies Poised to Continue Growing in 2021

Description

Investing in great dividend stocks is one way investors can build a passive source of income. Often, investors will look for companies that pay a reliable income over the years without looking too much into a stock's potential growth. Factors that dividend investors often take into consideration include a low payout ratio and long history of consecutive distributions. However, when I look for strong dividend companies, I also consider the stock's potential appreciation and dividend growth.

In this article, I will discuss two companies that are poised to continue growing in addition to paying a reliable dividend.

This industry will thrive in the coming decade

The 2020s will bring many new industries to the forefront of investing. Areas such as telemedicine and cloud computing are currently among the hottest areas to find growth. However, I believe large influxes of investors will continue to pour into one industry in particular, the renewable energy industry. Because of this, I remain bullish on **Brookfield Renewable Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)).

Brookfield Renewable is a subsidiary of the alternative financial holding company, **Brookfield Asset Management**. With the parent company holding a 60% ownership stake in the renewable energy company, investors can rest assured knowing the company is backed by very competent ownership.

For the past 10 years, the dividend that Brookfield Renewable has been paying to its shareholders has continued to grow. This makes it a member of the prestigious Canadian Dividend All-Stars group. Currently, the company offers a forward dividend yield of 3.00%. Its dividend payout ratio, based on cash flow, has previously been reported to be about 49%.

Brookfield Renewable may see a lot of growth coming from two sources. First, investors are becoming increasingly aware of the renewable energy industry and its importance in helping create a sustainable future. Second, Joe Biden has made the area a [key focus](#) of his incoming presidency. With two very strong tailwinds such as these, investors should be very excited for Brookfield Renewable as we head into the new year.

Generational growth from an unlikely industry

When looking for companies that offer a generational growth opportunity, investors don't often turn to the rail industry. However, this is exactly what we have when looking at **Canadian Pacific** ([TSX:CP](#))([NYSE:CP](#)) and the [potential growth ahead](#) for this company.

Canadian Pacific is the second-largest rail company in Canada. With a network spanning more than 20,000 km and connections from Montreal to Vancouver, the company is firmly entrenched in the North American rail industry. In 2020, the company has made it clear that it is prioritizing growth in the coming years.

Canadian Pacific has made a number of key acquisitions this year including the purchase of the Central Maine & Quebec railroad. This acquisition allows Canadian Pacific to return to the Atlantic region. It is also where the company believes most of its future growth will come from.

Currently, Canadian Pacific offers a forward dividend yield of 0.88% and maintains a payout ratio of 20%. The company raised its dividend for the fifth consecutive year in 2020. This means it is slated to join the Canadian Dividend All-Stars list. When combined with the potential growth, and off the back of the stock's 30% gain this year, investors have much to look forward to.

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1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. NYSE:CP (Canadian Pacific Railway)

3. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
4. TSX:CP (Canadian Pacific Railway)

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