



## 3 Steps I'd Take to Find Top Dividend Shares to Buy in March and Beyond

### Description

Even though the stock market has rallied since the 2020 market crash, the economic outlook remains very uncertain. Therefore, it could be prudent to seek dividend shares that offer defensive characteristics and a solid track record of paying shareholders a rising passive income.

Furthermore, buying dividend stocks that have improving outlooks could be a sound move. Successful growth strategies implemented by a business can make a very positive impact on the level of shareholder payouts over the long run.

### Dividend shares with defensive characteristics

Dividend shares could offer an appealing means of generating a passive income in today's low interest rate environment. However, they can be significantly riskier than other income-producing assets – especially with the challenging outlook that remains in place for the world economy.

As such, buying dividend stocks that have defensive characteristics could be a sound move. It may mean that an investor's holdings have a greater chance of offering a rising passive income irrespective of economic conditions. This could mean searching for dividend stocks in sectors such as utilities and tobacco, where sales and profitability may be less impacted by the prospects for the economy than other industries.

### A track record of dividend growth

Dividend shares that have strong track records of growing shareholder payouts could be relatively appealing. For example, they may have been able to grow, or at least maintain, their shareholder payouts in previous periods of economic turmoil. This could indicate that they have the capacity to adapt their strategies to evolving operating conditions.

The track records of dividend stocks can be easily accessed through searching their annual reports. They show detailed information of their previous payouts, as well as their reasoning behind specific

strategy shifts. They could also provide guidance as to how a company has been able to evolve to meet changing consumer tastes, and how it plans to do so in future after what has been a very disruptive period for many industries.

## An improving financial outlook

When searching for the most appealing dividend shares to buy today, it could be a good idea to check their growth strategies. This could provide an indication of the likelihood of them being able to increase profitability so they can afford a rising dividend in the coming years.

Clearly, assessing any company's financial outlook or strategy is very subjective. Even if its prospects seem to be bright, there is never any guarantee that they will produce rising profitability or a growing dividend.

However, through buying such companies, an investor may be able to increase their chances of holding successful businesses that make attractive dividend shares. A wide range of such companies in a diverse portfolio could lead to attractive income returns that grow at a relatively fast pace in the long run.

### CATEGORY

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2. Investing

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### Date

2025/08/20

### Date Created

2021/03/04

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