



3 Top Dividend Stocks to Buy in September

Description

Investing in dividend stocks is one way you can help speed up your way to financial freedom. Whereas investors need to sell growth stocks in order to use the money they gain, dividend investors have the luxury of generating passive income. As a result, they don't have to take out any money from the stock market and can let positions grow over time. However, investing in dividend stocks isn't a simple thing. You still have to choose which companies to hold in your portfolio. In this article, I'll discuss three top dividend stocks to buy in September.

This is one of Canada's most prolific dividend companies

When it comes to investing in dividend companies, I believe that the dividend yield isn't the most important thing to look at. In fact, there are some dividend companies with very high yields that would've lost you money over time. Instead, investors should look at how long a company has been able to increase its dividend distribution. In Canada, companies that have been able to increase their dividend for the past five years are known as Dividend Aristocrats.

Over the past five decades, **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) has been one of the most prolific Dividend Aristocrats in Canada. The company has managed to [increase its dividend](#) distribution over the past 47 years. Considering the economy has seen many ups and downs over those years, Fortis's ability to continue raising dividends is very impressive. Investors may notice that its dividend payout ratio is rather high at 75%. However, the company's history of strong capital allocation should relieve any sense of uneasiness.

A dividend stock with an interesting investment thesis

One aspect that investors must consider when investing in any company is how strong its moat is. In Canada, the banking industry is highly regulated. This gives companies at the top of the industry a strong moat, protecting their position against newer competitors vying to gain market share. Of the top banking companies in Canada, **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) stands out as my top pick.

What separates Bank of Nova Scotia from its peers is its exposure to emerging markets. The company has decided to establish a presence within the Pacific Alliance (e.g., Chile, Columbia, Mexio, and Peru), whereas its peers have mainly stayed within North America. The Pacific Alliance is expected to grow at a much faster rate than the G7 over the next few years. In terms of being a dividend company, Bank of Nova Scotia offers investors a 4.6% forward yield with about a decade of dividend increases in its back pocket.

This little dividend stock has growth written all over it

There are some rare instances when the worlds of dividend and growth stocks collide. Take **goeasy** ([TSX:GSY](#)) for example. The stock is a bona fide Dividend Aristocrat; however, when I first [covered it in June 2020](#), I never would've thought the stock would have returned such amazing gains over the span of a year. Let's take a step back though. What is goeasy? The company offers high-interest loans to subprime borrowers and sells furniture and other home goods on a rent-to-own basis.

Since June 2020, goeasy stock has skyrocketed, gaining an astonishing 253% as of this writing. Despite its size, the stock is still only valued at a market cap of \$3.3 billion. Perhaps even more amazing is goeasy's dividend. Since 2014, the company has managed to raise its distributions from \$0.085 per share to \$0.66 per share. That represents a 776% increase in its dividend over the past seven years! Even with the large increase in its dividend, its payout ratio is still very low at 16.6%. goeasy has a lot of room to continue growing its dividend in the future.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:FTS (Fortis Inc.)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:FTS (Fortis Inc.)
5. TSX:GSY (goeasy Ltd.)

PARTNER-FEEDS

1. Business Insider

2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. jedlloren
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Tags

1. Editor's Choice

Date

2025/09/10

Date Created

2021/09/06

Author

jedlloren

default watermark

default watermark