



Growth vs. Income: Why Settle?

Description

One concern noted by those that are [new to investing](#) is the growth vs. income dilemma. Should investors pursue a [growth-focused portfolio](#) or concentrate on investments that can provide an ever-increasing source of revenue?

Investing in growth-focused stocks can produce wildly superb results — particularly if you've picked a winner. But then investors still need to know when to sell, and they could be left without any income. Growth stocks can provide (in some cases) a steady stream of income that lasts decades. But that income may not keep up with inflation. Worse still, there's no guarantee that an income-focused portfolio will last for decades. Companies are sometimes forced to slash their dividends.

Those are all good points, but that doesn't help answer the initial question of growth vs. income. Where should you invest?

Fortunately, the answer to that question isn't mutually exclusive. You can aim for a well-balanced portfolio of stocks that has both growth and income-producing investments. In fact, there are some great stocks on the market that can provide both.

Here are two such examples to consider.

Stock full of potential

Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#)) is a perfect investment that can provide growth and income capabilities. Domestically, TD operates one of the largest branch networks in Canada. That branch network stretches from coast to coast, generating a stable and (slowly) growing revenue stream.

Internationally, TD has established an impressive branch network along the east coast of the United States. The U.S. branch network stretches from Maine to Florida and actually has more branches in the U.S. than back in Canada.

Like the domestic network, TD's (rapidly) growing U.S. operations contribute an increasingly larger size

of the revenue pie. By way of example, in the most recent quarter, TD's US segment reported a net income of \$1,098 million. When compared with the previous year, TD saw a whopping 208% increase over the prior period.

Turning to dividends, TD has been providing a juicy dividend to investors for well over a century. The current yield works out to a yield of 3.66%. The bank has also provided generous annual bumps to that dividend. That annual practice was suspended when the pandemic began last year, but many see that restriction soon coming to an end.

Huge defensive appeal and an even bigger dividend

Canada's telecoms are often cited as some of the best defensive stocks on the market. Among those telecoms, **BCE** ([TSX:BCE](#))([NYSE:BCE](#)) is a great option to consider.

Prior to the pandemic, BCE was viewed as a superb defensive investment option. This was due to the well-diversified and growing subscriber business as well as BCE's massive media segment. Both business units did well to complement each other, effectively blanketing the country in BCE coverage.

Since the pandemic began, that defensive appeal has only increased. A growing number of office workers are now full-time remote employees. We've also come to rely on our mobile devices as a primary means to conduct business. Gone are the days of window-shopping and foot traffic. Instead, we rely on an ever-increasing need to consume data.

The growing importance of mobile data and internet connectivity are driving growth and, by extension, BCE's dividend. The quarterly payout works to an impressive 5.54% yield, making BCE one of the better paying (and defensive!) plays on the market. Oh, and let's not forget that BCE has also been paying out dividends for well over a century. BCE also continues to provide investors with a healthy annual increase.

Again, growth vs. income doesn't mean one or the other — don't settle.

Growth vs. income: What works for your portfolio?

No investment is without risk. Even the [safest defensive stock](#) on the market can and will have the occasional pullback. What investors can do is minimize their overall risk by diversifying a portfolio across multiple segments. That is what the above stocks can do for your portfolio.

In other words, buy them, hold them, and watch them (and your potential income) grow.

CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

TICKERS GLOBAL

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2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:BCE (BCE Inc.)
4. TSX:TD (The Toronto-Dominion Bank)

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Date

2025/08/17

Date Created

2021/10/13

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