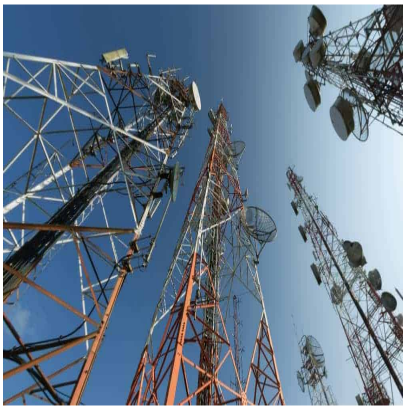

3 Dividend Growth Stocks for $50 or Less

Description

If you're just starting your dividend investing journey, you might have noticed that high-yield stocks are pretty pricey. In the world of small caps, you can find stocks trading for $5, $1, or even pennies. But mature dividend-paying stocks generally cost a decent amount of money.

If you have a lot of money saved, that's not a big deal. But if you're just getting started with, say, $500, it can be a real problem. With $500 to invest in stocks that often cost more than $100, you're going to have a hard time achieving diversification. Sure, you can just stick it all in ETFs, but if you're looking for high yield, truly passive funds rarely have what you're looking for.

But fear not. It *is* possible to find quality dividend stocks costing $50 or less. There aren't that many of them, but they do exist. If your dividend stocks cost $50 on average, then you can achieve a diversified portfolio of 10 stocks–a decent step toward reducing your risk. In this article, I will explore three **TSX** dividend stocks that cost $50 or less. We can start by looking at a Canadian telco that comes in at just $28.

Telus

Telus (TSX:T)(NYSE:TU) is a TSX dividend stock that costs $28 and has a 4.5% dividend yield. With $100,000 invested at a 4.5% yield, you get $4,500 back in annual cash income. That's a decent cash supplement. And you can shelter up to $75,500 worth of Telus shares in a Tax-Free Savings Account (TFSA).

Telus is a Telco, which means that it provides cell, internet, and TV service. This is a relatively boring but dependable business that you can count on for dividends. Telus's dividend history stretches all the way back to 1999. In the period since then, it hasn't missed a single payment. It *has* reduced the payment before, so perhaps it doesn't meet the strictest definition of Dividend Aristocrat, but it's pretty close.

Alimentation Couche-Tard

Alimentation Couche-Tard (TSX:ATD.B) is another TSX dividend stock that costs less than $50. Coming in at $48, it's just below the cutoff. While this stock yields a pretty paltry 0.73% today, its dividend growth track record is excellent. It has been paying dividends since at least 2005 and has only increased its payout since then. In many years, it upped its payout by 20% or more. In fact, its compound annual growth rate (CAGR) in dividends over the last five years is 20%. For most stocks that would be a great bump for just one year. But for this one, it's the norm over a five or even 10-year period. It's simply one of the best dividend growth stocks out there.

Imperial Oil

Imperial Oil (TSX:IMO) is a Canadian oil stock that costs about $43 as of this writing. Its yield was 2.53%. While that's not the highest yield out there, IMO has a very long track record of dividend increases. According to the dividend history on file at NASDAQ.com, the company hasn't missed a single dividend payment since 1999. Over the period during which has been paying dividends, it has increased the payout significantly. According to Guru Focus, IMO's five-year dividend growth rate is 11.1%.

That's a pretty solid track record, and it could continue. We're currently in a perfect environment for oil and gas stocks. Oil prices are soaring, leading to higher profit margins for companies like IMO. Supply chain bottlenecks are a concern but don't seem to be affecting oil and gas producers too much. Essentially, there should be more dividend hikes from IMO in the future.

CATEGORY

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2. TSX:IMO (Imperial Oil Limited)
3. TSX:T (TELUS)

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