3 Dividend Stocks to Buy in Up or Down Markets

Description

Many stocks are worth buying only when they drop below a certain price/valuation level. That's because when you buy them at a discount, their return potential, whether it's a heightened yield or modest capital-appreciation potential, is enhanced.

However, if you are looking for dividend stocks that are good buys regardless of how the market is performing, there are three that should be on your radar.

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A telecom company

Telus (TSX:T)(NYSE:TU) is part of Canada's aggressively consolidated telecom industry — one of the three giants. It boasts an impressive clientele, especially when it comes to wireless and internet users.

The company is making great strides in 5G and is currently pursuing aggressive regional growth in Quebec, that's expected to cost about $11 billion in the next four years. This is expected to grow its user base by a significant margin.

Telus is a well-established aristocrat currently offering a decent 4.3% yield. It's also a decent dividend grower and has raised its payouts from $0.2525 in 2018 to $0.3386 in 2022 — a 34% rise in five years, enough to outpace inflation, even at its current drastic rate.

It also offers a decent capital-appreciation potential, so no matter when you buy it, the overall return potential would be quite decent if you hold it long term.

A utility company

Emera (TSX:EMA) is a Nova Scotia-based holding company with multiple utility businesses to its name, including seven regulated companies. It has about $34 billion in assets and 2.5 million customers in Canada, the U.S., and the Caribbean.

As a utility business, especially such a diversified one, it's an inherently safe investment, but it also gets more points as an aristocrat that's currently offering an attractive 4.19% yield.

But the return potential of Emera has another powerful component — i.e., its capital-appreciation potential. The stock has returned about 90% in the last decade, following a steady and predictable growth pattern. The combined return potential is quite significant.

You can maximize it by investing a decent amount and choosing DRIP to grow your stake in the company by a sizeable margin.

An alternative investment company

While a bank is the first entity that comes to mind when you need a personal loan, they are not a possible option for many Canadians. They have to turn to alternative lenders like **goeasy** (TSX:GSY), which has grown at a magnificent pace, serving this particular clientele. With its network of over 400 branches, it has a presence matching most small banks.

goeasy is a powerful buy in almost any market, though it's currently available at a heavily discounted price. The stock has grown almost 1,600% in the last 10 years, and even if you lose *half* of the growth potential by buying it at or near the peak, you can still make more money in one decade than most growth stocks will help you make in three.

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Foolish takeaway

Even when you are investing in a dividend stock, you have to look at the holistic return on investment (ROI) potential. If a company is growing its payouts but reducing the invested capital by a similar margin, the net returns might worsen over time.

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1. Dividend Stocks
2. Investing

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