3 Great Dividend Stocks You Can Buy for Less Than $100

Description

Dividend stocks are great to hold in a portfolio, because they could help you generate a solid source of passive income. Over time, that source of passive income could greatly supplement your primary income. That could allow investors to spend more time on things they're passionate about instead of having to worry about work every day.

There's a common misconception that some investors will buy very expensive stocks thinking that identifies quality. In this article, I'll discuss three great dividend stocks you can buy for less than $100.

This is one of the best dividend stocks around

When looking for dividend stocks, there are two lists that investors should consult. The first is the **TSX/S&P 60**. This is a list of 60 blue-chip companies that lead important Canadian industries. The second is the list of Canadian Dividend Aristocrats. These are companies that have managed to increase dividend distributions for at least five consecutive years. If investors can find a stock that qualifies on both lists, then it's likely a stock worth considering for your portfolio.

Fortis (TSX:FTS) is an example of such a company. It provides regulated gas and electric utilities to more than three million customers across Canada, the United States, and the Caribbean. In terms of its dividend, Fortis has managed to increase its distribution in each of the past 48 years. That gives it the second-longest active dividend-growth streak in Canada. Fortis stock offers investors a forward dividend yield of 4.36%.

One of my favourite dividend stocks

The Canadian banking industry features many excellent dividend stocks. In my opinion, investors could do well by choosing the bank they do business with because many of these companies operate similarly. In fact, holding more than one of the Canadian banks could be good for your portfolio, as it spreads out your risk across a larger number of solid companies.

If I could only invest in one Canadian bank, I would choose **Bank of Nova Scotia** (TSX:BNS). Canada's third-largest bank, this company has managed to pay shareholders a dividend in each of the past 189 years. That suggests that this company has a knack for selecting executives that value intelligent capital appreciation. I suspect that this stock could continue to reliably pay shareholders over the coming years.

A great dividend stock with surprising growth

While it is important to assess whether a company can raise its dividend, it's also important to determine how fast that dividend is growing. This is because a dividend with a slow growth rate could lead to investors falling behind the inflation rate. Generally, I look for stocks that have a dividend-growth rate of 10% or more. However, in some cases, I'd be willing to settle for a dividend growth rate of 5% or higher if the stock brings forth tonnes of value in other metrics.

Canadian National Railway (TSX:CNR) is an example of a great dividend stock with a solid growth rate. Over the past five years, this stock has managed to grow its dividend at a compound annual growth rate of more than 12%. Listed as a Canadian Dividend Aristocrat, Canadian National is also one of 11 TSX-listed companies to hold an active dividend-growth streak of 26 years or longer.

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2. NYSE:CNI (Canadian National Railway Company)
3. NYSE:FTS (Fortis Inc.)
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jedlloren