



Just Released: The 3 Best Dividend Stocks to Buy in December 2022 [PREMIUM PICKS]

Description

Part of what The Motley Fool strives for is to make long-term investing as simple and straightforward as it can be. Admittedly, given the emotional tug to money that exists, it's a tall task, but this pursuit gets us out of bed each and every day.

With that preamble in mind, here's a relatively straightforward rule of thumb that will almost assuredly earn you a positive return:

Buy **Westshore Terminals** ([TSX:WTE](#)) when it provides a dividend yield greater than 5%.

The reason being, you are locking in an attractive base yield with a dividend payment that's likely to go higher.

Taking this one step further, that attractive base yield is unlikely to last. And given this is company that's almost assured to never cut its dividend, that means the stock price has to go higher to get that dividend yield more in line with a long-term average in the 3.5% zone.

This attractive proposition doesn't even account for the special dividends that are likely to occur along the way.

Frankly, we don't fully comprehend why Westshore's stock price has declined by almost 40% since May. A work stoppage that's been solved and less-than-expected performance from BNSF (U.S. rail service provider) impacted full year throughput volume, but this too shall pass. Operational issues occur from time to time, but the nature of the business is such that they don't last. After all, Westport's terminal operations at Roberts Bank, BC, are highly unique and, in the years ahead, are set to evolve as potash shipments begin. As it stands, coal shipments remain strong and under long-term contracts that ensure the cash required to support the dividend is readily available.

As always, anything can happen when it comes to short-term stock price moves, but with the proper time horizon, you're almost assuredly going to have a positive return from any Westshore share you acquire at today's prices.

The Motley Fool recommends Westshore Terminals.

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