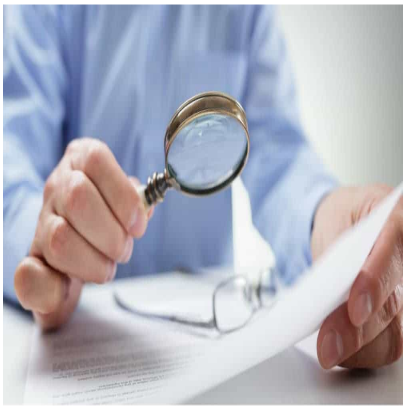

Income Seekers: 2 High-Quality Dividend Stocks to Build Wealth Today

Description

Dividend stocks are just as useful in building wealth over time as growth stocks, albeit in a different way. Unlike growth stocks that push the value of your portfolio up, dividend stocks can help you grow your stake through reinvesting. Or they can beef up your earnings, so you can save and invest more. Either way, the right dividend stocks can be instrumental in helping you build your wealth over time.

But there are plenty of dividend stocks that can help you build your wealth in a conventional way as well — i.e., via capital appreciation. And there are two such stocks that beautifully blend capital-appreciation potential and dividends that should be on your radar.

A utility stock

Few Canadian stocks are as trustworthy (for their dividends) as **Fortis** (TSX:FTS) is. It's close to becoming a Dividend King by raising its payouts for 50 consecutive years and would be the second Canadian stock to achieve that.

It's a high-quality dividend stock for multiple reasons — a decent 4% yield, stable payout ratio (right now and historically), and a resilient and almost evergreen business model, which ensures the financial consistency necessary to sustain dividends over a long period.

And even though dividends are the primary reason most people are attracted to it and the fact that it's a blue-chip stock to boot, it should also be considered for its capital-appreciation potential.

The stock has risen roughly 62% in the last decade, though the growth seems more attractive if you start calculating from further off (Dec. 2000). And if you aim to hold it for two decades, you may experience a more attractive capital appreciation.

An industrial REIT

Few real estate investment trusts (REITs) offer a combination of capital-appreciation potential and dividends as powerful as **Dream Industrial REIT** (TSX:DIR.UN) does. It has gone through two solid growth phases in the last five years alone and has shown resilience during the pandemic. However, currently, it's going through the same bearish phase the rest of the sector is experiencing.

This has resulted in the stock becoming heavily discounted — 33% down from its pre-pandemic peak. It's also one of the most undervalued stocks in the sector right now, with a price-to-earnings ratio of just 3.26.

The discount has been great from a yield perspective, which has crossed the 6% mark already. This heavy yield is backed by a solid payout ratio of about 20%, making it incredibly safe. Interestingly, the payout ratio has remained below 50% since 2020.

In addition to decent growth potential and a juicy yield, the stock also offers stability from a business model perspective. Its portfolio of industrial properties is well diversified and has a high committed occupancy rate of 99%.

Foolish takeaway

If you can hold the two stocks for two or more decades and opt for reinvesting instead of cashing out the dividends (assuming you invest a sizable enough sum), you may have a solid income-producing nest egg for your retirement years.

CATEGORY

1. Dividend Stocks
2. Investing

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2. TSX:FTS (Fortis Inc.)

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