3 Boring Stocks to Add to Your Portfolio

Description

Investing can be fun and exhilarating. It's a lot of fun to talk to people about the latest hot stock and your incredible gains on it. Have you talked to anybody who invested in **Shopify Inc.** lately? And remember when marijuana stocks were all anybody could talk about? People who have invested in these high-flying stocks and sectors have enjoyed great returns and have had fun watching their portfolios in the meantime.

It can be tough to time these stocks right though. When a stock is rising independently of its earnings and is just rising on potential in the future, you have no idea if you're getting in early or if you're investing at the top of a bubble.

Rather than trying to get lucky, I take the tortoise approach to wealth. It's unlikely any of the stocks I highlight below will double in the next year. In 25-30 years, though, I know that these stocks will still be around, paying dividends with much higher share prices. I can't say the same for Shopify or **Canopy Growth Corp**.

Enercare

Enercare Inc. (TSX:ECI) sells and rents water heaters (the most boring of the home appliances), sells sub-metering units, so landlords can split utility bills among multiple units (yawn), and services HVAC units (important, but not interesting). Enercare is the definition of a boring business, but there's nothing boring about Enercare's stock.

Shares yield 5.1% with a 56% payout ratio. This gives Enercare lots of room to increase the dividend. Enercare has raised its dividend eight years in a row, including the 4% raise in April of this year.

Not only is the dividend great, but the company is growing revenue and earnings. Revenue increased by 95% in the first quarter of 2017, and while earnings were down in Q1 — not many people get their air conditioners serviced in January, a big part of Enercare's business — but after the record fourth quarter of 2016, earnings per share for the year were up 11%.

Enercare's current valuation doesn't take into account the safety and growth of the dividend or the growth prospects of the company. This makes now a great time to buy shares.

Stella-Jones

Stella-Jones Inc. (TSX:SJ) sells railway ties, utility poles, and residential lumber — the kinds of dull products you look at and never think about. But if we look closer at Stella-Jones, we find a very exciting investment opportunity.

For a long time, Stella-Jones has been able to increase its earnings by a compounded annual growth rate of 16% — an incredible feat. Meanwhile, shares trade at just 21 times earnings — a price-to-earnings over growth (PEG) of 1.3 — showing Stella-Jones is not expensive relative to the growth in earnings.

Shares are cheap now because the market got spooked when management announced sales and earnings would be temporarily low due to reduced railway tie demand. This didn’t fit the narrative of Stella-Jones always posting earnings growth year over year, so shares sold off. But management was upfront about the issue, and it is seasonal, which will be resolved. The share price has already recovered from the 52-week low of $37.17 as the market has realized that the earnings prospects of Stella-Jones have not changed.

Plus, as you wait for the earnings growth to drive the share price higher, Stella-Jones pays a dividend of 1% which gets raised every year.

BCE Inc.

BCE Inc. (TSX:BCE)(NYSE:BCE) is Canada’s largest telecommunications company. The only time BCE will cause a reaction in people is when customers read their bills. But what makes BCE really boring are the earnings results.

Keep in mind I said results are boring, not bad. In the first quarter of 2017, revenue increased by 2.2%, and earnings per share increased from $0.85 to $0.87. Modest increases such as these are the norm for BCE and can be expected in the future.

But what’s more exciting is the dividend. BCE pays a 4.75% dividend and increased the dividend by 5.1% in February. Organic growth (from charging customers more and selling them more services) as well as growth initiatives, such as the recent Manitoba Telecom Services Inc. acquisition, will allow for many more dividend hikes in the future.

Conclusion

Investing in Enercare, Stella-Jones, and BCE will not make you rich next year. It very well could make you rich in 20 years, though. Boring stocks are the tortoise in the race to wealth — they may take a while to get there, but they have a better chance of getting there than flashy stocks that have dramatic rises and falls.

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