



3 Dividend Stocks I Plan to Buy

Description

Those familiar with my writing will know that I am a growth investor. As such, I try to invest in companies that offer the potential to double or more over the coming years. However, investing in only growth stocks could lead to a very volatile portfolio. In fact, half of the equation when it comes to beating the market is to avoid large pullbacks. With that said, adding dividend stocks could protect from major losses. Which three dividend stocks do I plan to buy?

A reliable compounder

While I don't expect dividend stocks to produce outrageous returns, I do want to hold stocks that have a proven history of being reliable compounders. Over time, this compounding effect can lead to very generous returns. An example of such a company is **Brookfield Asset Management** (TSX:BAM.A)([NYSE:BAM](#)). Since August 1995, this stock has returned nearly 4,200%, which represents an average annual gain of 15.5%. For comparison, the **TSX** has returned an average of 5.9% per year over the same period.

[Brookfield Asset Management](#) is an alternative asset management firm that invests in real assets. These are assets which have intrinsic value like real estate, infrastructure, and utilities. Those businesses may not be the most exciting. However, they are important in the continued function of society. Earlier this month, Brookfield announced that it would be partnering with **Tesla** to develop North America's [most sustainable neighbourhood](#). This could give the stock an extra boost if the project pans out.

Canada's top bank

The Canadian banking industry is highly regulated. That makes it difficult for new competitors to enter the industry and displace the market leaders. Because of that, Canadians are often very comfortable investing in the Big Five. Of those, my top pick would be **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)). While its peers atop the Canadian banking industry have chosen to focus their efforts on growing in North America, Bank of Nova Scotia has decided to expand elsewhere.

The company has a growing presence in the Pacific Alliance, which is a region which includes the countries of Chile, Columbia, Mexico, and Peru. Although this exposes Bank of Nova Scotia to geopolitical risks, it also provides a strong opportunity for growth via a rapidly growing middle class in those countries. With a forward yield of 4.65%, Bank of Nova Scotia can be classified as a high-yield dividend stock with tons of growth potential.

One of the best dividend-paying companies in Canada

When looking at dividend stocks, the most important metric is likely a company's dividend-growth streak. This tells investors how many years in a row the company has been able to increase its dividend. Companies that are able to do so for five years or more are added onto the Canadian Dividend Aristocrat list. **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) is notable for holding the second longest active dividend-growth streak in Canada. As of this writing, Fortis has been able to increase its dividend in each of the past 47 years.

This company's dividend-growth streak becomes very impressive when you consider all the economic downturns that have occurred over the past five decades. Although the company's dividend-payout ratio is a bit higher than many investors would like (73%), Fortis has shown the ability to allocate capital intelligently over many decades. The stock is also one of the least volatile on the TSX, with a beta of 0.06. This is an excellent company to consider for downside protection.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. bank
2. Bank stocks
3. banking
4. Brookfield Asset Management stock
5. canada
6. canadian banks
7. dividend
8. dividend stock
9. dividend stocks
10. Fortis
11. fortis stock
12. investing
13. long term growth

14. market
15. Stocks
16. utilities

TICKERS GLOBAL

1. NYSE:BN (Brookfield Corporation)
2. NYSE:BNS (The Bank of Nova Scotia)
3. NYSE:FTS (Fortis Inc.)
4. TSX:BN (Brookfield)
5. TSX:BNS (Bank Of Nova Scotia)
6. TSX:FTS (Fortis Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Tags

1. bank
2. Bank stocks
3. banking
4. Brookfield Asset Management stock
5. canada
6. canadian banks
7. dividend
8. dividend stock
9. dividend stocks
10. Fortis
11. fortis stock
12. investing
13. long term growth
14. market
15. Stocks
16. utilities

Date

2025/08/13

Date Created

2021/07/23

Author
jedlloren

default watermark

default watermark