# 7 WINNING STRATEGIES *for* DIVIDEND INVESTORS


TSI Wealth Network

MAKING YOU A SUCCESSFUL INVESTOR

# FREE REPORT

## 7 Winning Strategies for Dividend Investors

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# Introduction

Successful Investors always give dividend stocks the respect they deserve and most view them as the foundation of a sound and profitable investment portfolio.

But finding the right dividend payers can be challenging for new investors as well as experienced ones. This special report from The Successful Investor offers seven winning strategies for maximizing your returns from dividend stocks. They include evaluating the dividend payer's record of success and figuring out if that especially attractive high dividend yield is, in fact, a danger sign rather than a bargain.

In addition to the 7 strategies, we've also included details and background on what dividends are, how they work, and why dividend stocks should be in your portfolio.

To lay the foundation for your investment gains, this report offers you 5 of our favourite recommendations from our premium newsletter ***Dividend Advisor***.

## Dividends explained—what are they?

A dividend is a payment a corporation makes to its shareholders, usually as a distribution of profits. When a corporation earns a profit, it can re-invest that surplus in its business (this is called retained earnings) and/or distribute a fraction of it as a dividend to its shareholders.

A dividend is allotted as a fixed amount of money per share so that shareholders receive a payment that is proportionate to the shares they hold. Most dividends are paid quarterly, although some companies pay a monthly dividend.

Thus, if a company pays a dividend of $0.20 share each quarter and a shareholder has 2,000 shares, the shareholder would receive $400 every three months.

By and large, publicly traded companies pay dividends on a fixed schedule, but a company can declare a dividend at any time. Companies may pay what they call a "special dividend" to distinguish it from the dividends paid on a fixed schedule.

Certain types of companies, such as Real Estate Investment Trusts (REITs), pay out nearly all of their earnings as dividends. In the first decade of this century, Canada experienced a boom in income trusts. Many Canadian companies embraced the income trust structure, in which they paid out a high percentage of their earnings to unitholders via distributions (in effect, dividends) before paying taxes. This drastically reduced their tax bills.

On January 1, 2011, the federal government ended this tax privilege for most companies, convinced that it would lose too much tax revenue from corporations. Only REITs can still pay distributions before paying taxes (see our #1 pick among REITs on page 16).

***Tracking dividends:*** While many newspapers now quote share prices only in their daily stock market listings, most still include the dividend and the dividend yield in their weekend stock market summaries. And most online sources for stock quotes clearly indicate the amount of the dividend and the yield.

# Strategy #1: Don’t rely on just the dividend yield

Obviously, not all dividend stocks are equal. Some dividend-paying stocks will provide more value for investors over the course of time. The most common measurement of a dividend’s potential value is dividend yield.

The yield is the percentage of the share price the dividend returns. It can be calculated simply: the dollar amount of the total dividends per share paid annually/price per share. A high yield, of 3% or 4% or more, is usually taken to represent good value.

But an exceptionally high yield (closer to 10%, or higher) is often the result of a falling share price and may actually signal that the dividend itself is in danger of being reduced, if not cut altogether. (See page 8 for more on the dangers of a very high yield).

Dividend yield is one very useful factor in judging a stock’s value, but only one. It is best used in combination with other indicators or tools.

# Strategy #2: Look for dividend sustainability by understanding the payout ratio

One of the best ways to judge whether a company will keep paying its dividend, or even increase it, is the dividend payout ratio. This simply measures what portion of a company’s earnings are allotted to paying dividends.

If a company keeps its payout ratio fairly steady, say at 7% of earnings, and its earnings grow, the amount you receive in dividends should also grow. However, if a company must keep paying out a larger and larger percentage of its earnings just to maintain the dividend, it is reasonable to wonder whether the company is in decline and the dividend is in danger of being cut.

You need to look at other factors, as well, of course. The company may be going through a low cycle in its industry, or have a temporary problem it has a good chance of solving.

## Strategy #3: Lower your tax bill with Canadian dividends

Dividends have tax advantages if you're a Canadian resident.

You'll still pay tax on dividends in the year you get them (unless they're sheltered in a registered savings account like an RRSP, or in a Tax-Free Savings Account). But you'll receive favourable tax treatment in Canada for dividends on Canadian companies because of the dividend tax credit.

This is why stocks with a history of raising their dividends are of great interest to investors looking to get the most from their investments. Canadian dividends qualify for the dividend tax credit, unlike bond-interest payments, which are taxed as regular income. That means dividend income will be taxed at a lower rate than the same amount of interest income.

Investors in the highest tax bracket pay tax of 25% on dividends, compared to about 50% on interest income.

Investors in the highest tax bracket pay tax on capital gains at a rate of roughly 25%.

## Strategy #4: Stick with stocks that have a strong history of paying dividends

Companies pay dividends to attract shareholders and reward them for owning stock in the corporation. It's a long-established practice. Joint-stock companies were formed in Europe as early as the 1200s. The first to pay a dividend was the Dutch East India Company in the early 1600s. Not coincidentally, it also began trading its shares on the Amsterdam Stock Exchange, making it easier to attract more investors.

In recent decades, study after study has demonstrated the enduring power of dividends. Surveys of both the Toronto Stock Exchange and the S&P 500 show dividend-paying stocks outperforming their non-dividend-paying counterparts consistently over time, usually by considerable margins.

In fact, dividends have accounted for over 40% of the S&P 500's total returns since 1929. (*Source: Dividend.com*).

A 2013 Bloomberg survey also showed that the dividend yield on the S&P/TSX Composite Index over the previous decade was 60% higher than the yield on 10-year Government of Canada bonds. The Index's average dividend yield was 3.2%, while the government bonds yielded just 2%.

What these figures really indicate is that dividend-paying stocks contribute a significant portion of the wealth you can expect to gain over the years. History tells us that investors who downplay or ignore dividends are robbing their portfolios of substantial earning power.

## Why the best dividend stocks are your most reliable investments

Dividends rarely get the respect they deserve, especially from beginning investors. That's because a dividend paying stock's yearly 2% or 3% or 5% yield barely seems worth mentioning alongside yearly capital gains of 10%, 20% or 30% or more.

But dividends are far more reliable than capital gains. A stock that pays a dividend of $1 this year will probably do the same next year. It may even raise it to $1.05.

Dividends from Canadian companies come with a tax credit, to reflect corporate income taxes. This cuts your tax rate. (Note: the credit is non-refundable and can only offset income taxes owed. But you can transfer it to your spouse under certain conditions.)

Top dividend stocks do their best to maintain, or even increase, their payouts. In fact, dividends typically contribute up to a third of your long-term investment returns, even without the tax-cutting effects of the dividend tax credit.

You should also keep these two key points in mind:

**1. Dividends can grow.** Stock prices rise and fall. That means capital losses often follow capital gains, at least temporarily. Interest on a bond or GIC holds steady, at best. But the best dividend stocks like to ratchet their dividends upward—hold them steady in a bad year, and raise them in a good one. That gives you a hedge against inflation.

**2. Dividends are a sign of investment quality.** Some good companies reinvest profit instead of paying dividends. But fraudulent and failing companies hardly ever pay dividends. So if you only buy stocks that pay dividends, you'll automatically stay out of almost all the market's worst stocks.

For a true measure of stability, focus on companies that have maintained or raised their dividends during recessions and stock market downturns. These firms leave themselves enough room to handle periods of earnings volatility. By continually rewarding investors, and retaining enough cash to finance their businesses, they provide an attractive mix of safety, income and growth.

While we recommend that you spread your investments out across the five main economic sectors, the proportion you devote to each sector depends on your temperament and financial goals. If you’re an income investor, you may wish to place more emphasis on utilities and Canadian banks. That’s because these firms generally pay high, secure dividends.

**Our investment advice**: Dividends are an important contributor to your long-term gains, and dividend-paying stocks tend to expose you to less risk than non-dividend-payers. That’s why the majority of your stocks should be dividend-payers at all times. As you get older and closer to retirement, you should raise the proportion of dividend-paying stocks in your portfolio, to cut risk and improve the stability of your investment results.

Dividend-paying stocks are an essential part of a successful investment portfolio. A long record of steady dividend increases is a sign of quality. But as we have already noted, an unusually high dividend yield may signal danger, rather than a bargain.

# Can You Use the Ex-Dividend Date as an Investing Strategy?

**Some investors aim to use the ex-dividend date (and record date) as an investing strategy to get the maximum dividend returns. But is this a smart strategy?**

*Knowing your ex-dividend date, and record date, will help you get full value from your dividends, but trying to make a quick buck buying and selling around key dividend dates is not worth the risk.*

*Dividend stocks are an essential part of a good conservative investing philosophy. But there are certain details you should know about the way dividends are paid out. Key to that is understanding the ex-dividend date and record date.*

**But first, here’s a look at all relevant dividend dates:**

There are 4 key dates involved with payments from dividend stocks:

**Declaration Date:** Several weeks in advance of a dividend payment, a company’s board of directors sets the amount and timing of the proposed payment. The date of that announcement is known as the **declaration date**.

**Payable Date:** is the date set by the board on which the dividend will actually be paid out to shareholders.

**Record Date:** Only shareholders who hold the stock before the payable date will receive the dividend payment. That date is known as the **record date** and is set any number of days or weeks before the payable date.

**Ex-dividend Date:** One business day before the record date, the shares begin to trade without their dividend. This date is the **ex-dividend date**. If you buy stocks one day or more before their ex-dividend date, you will still get the dividend. That’s when a stock is said to trade **cum-**

**dividend**. If you buy on the ex-dividend date or later, you won't get the dividend. The ex-dividend date is in place to allow pending stock trades to settle.

### An example of using the ex-dividend date as an investing strategy

Here's how it works:

Let's say a company's dividend of $0.52 a share was payable on Friday, February 21, 2025, to those shareholders of record at the close of business on Wednesday, February 19, 2025, the record date.

One business day before that record date, the shares began to trade without their dividend, that is, on the ex-dividend date of February 18, 2025. If you bought this dividend-paying stock one day or more before the ex-dividend date, you still got the dividend (because the shares are trading cum-dividend, or with dividend). But if you bought these shares on the ex-dividend date or later, you would not receive the dividend.

### The low odds of a "dividend capture" strategy paying off

"Dividend capture" is the trading technique of buying a dividend stock just before the dividend is paid, holding it just long enough to collect the dividend, then selling it. If you can sell it for as much as you paid for it (and that's not guaranteed), you have "captured" the dividend at no cost, other than the transaction costs.

To do this, you would buy shares in stocks just before the ex-dividend date, so you would be a shareholder of record on the record date, and would receive the dividend.

Because the stock falls by the amount of the dividend on the ex-dividend date, the strategy then calls for you to wait for the stock to move back to the price where you bought it at before the ex-dividend date. At this point, you sell the stock for a break-even trade.

This can pay off when stock markets are rising. Of course, any strategy that leads you to buy can pay off when stock markets are rising. However, you have to pay a brokerage commission to buy the shares, and a commission to sell. The commissions can eat up much of the dividend income. They may even exceed the dividend income.

Dividend-capture strategies may have appeal for securities dealers or brokers who are executing huge trades with very low transaction costs. They may also have tax benefits, particularly for corporations.

But the average investor doesn't have much chance of making a significant profit.

# Rely on dividend stocks—but not to extremes

“A steady history of paying dividends is one of the strongest endorsements a stock can have, but you can’t always rely on dividends as a sign of strength.”

We’ve always placed a high value on a strong record of paying dividends, mainly because it provides something of a pedigree for stocks we recommend. It takes a lot of success and high-quality management for a company to have the cash and the determination to declare and pay a dividend every year for five or ten years or more. It’s not something you can create on the spur of the moment.

Now many investors have come to share our high regard for dividends, especially as a source of retirement income. However, some take this reliance on dividend stocks to extremes. They put too much faith in a history of dividend payments. They think of a stock with a good dividend history as the next best thing to a government bond.

But it’s nothing of the kind. It’s a good sign, but not the only sign you need to consider. It takes continuing effort to succeed as a so-called “buy-and-hold” investor. You need to learn how to “buy and watch carefully.”

## Use 3 portfolio rules to avoid the danger of dividends at risk

Even the best dividend stocks can go through dividend droughts — periods when they have to cut or quit paying dividends due to setbacks within their company, their industry or the economy as a whole.

That’s why you still need to observe our three key portfolio rules, even when confining your investments to stocks with superb dividend records. They are:

1. Invest mainly in well-established companies.

2. Spread your money out across most if not all of the five economic sectors (Manufacturing & Industry, Resources & Commodities, the Consumer sector, Finance and Utilities). This cuts your risk of getting too heavily invested in an industry or sector that is headed for a slump. It also increases your chances of investing in a superstar stock with returns that are two to five times higher or more than the market average.

3. Downplay or avoid stocks that are in the broker/media limelight. This limelight inflates investor expectations. When stocks fail to live up to those inflated expectations, downturns can be brutal.

Just remember that if you place too high a value on any single investment attribute, you may overlook signs of associated or offsetting risk. That’s something an investor needs to avoid at all times, but especially in retirement.

If you stick to dividend-paying stocks, you'll avoid most of the market's greatest disasters. That's because a history of dividends says a good deal about a company's long-term soundness and stability.

Investors generally look to more conservative stocks, like banks and utilities, for income, and to more aggressive stocks for capital gains. Yet there are a number of aggressive stocks that also pay a regular dividend. Some even have dividend yields that are as high—or even higher—than yields on more established companies.

## The limits of judging a company by its dividend

As with conservative dividend-paying stocks, aggressive dividend stocks also offer investors a measure of security. Dividends, after all, are much more stable than earnings projections. More important, dividends are impossible to fake—either the company has the cash to pay them or it doesn't.

However, it's important to avoid judging a company based on the fact that it pays a dividend. Nor should you be tempted solely by a high dividend yield (the percentage you get when you divide a company's current yearly payment by its share price).

That's because high yield can sometimes be a danger sign rather than a bargain. For example, a stock's yield could be high simply because its share price has dropped sharply (since you use a company's share price to calculate yield). That drop may signal coming bad news.

As well, you should always remember that while aggressive stocks hold the potential for greater gains than conservative selections, they expose you to a higher level of risk—even if they do pay dividends.

That's why we recommend that you look beyond dividend yield when making investment decisions, and look for dividend stocks that have established a sustainable business and have at least some history of building revenue and cash flow.

You can't fake a record of dividends. That's why we place a high value on them. And when you're looking for income-producing stocks, dividend yield—and the reliability of those dividends—are typically your most important considerations.

But in some cases, dividend yield can be misleading.

The yield is the percentage you get when you divide the current yearly dividend payment by the share or unit price of the investment. It's an indicator we pay especially close attention to when we select stocks to recommend in our investment newsletters.

But yield, and especially a high dividend yield, can give you a false sense of security. Investors have a natural tendency to think that all investment income is almost as safe and predictable as bank interest.

But the fact is that investment income can dry up in a heartbeat. Companies are sometimes unable to keep paying a longstanding dividend, and they sometimes spring the bad news on you with no warning.

In fact, high yield may be a danger sign. It may mean insiders are selling and pushing the price down. It can also reflect widespread investor skepticism that a company can keep paying its current dividend. A falling share price makes yield go up (because you use the latest dividend to calculate yield). When an investment does cut or halt its dividend, its yield collapses.

A classic case is that of Yellow Media (symbol YLO on Toronto), formerly Yellow Pages Income Fund. When it first issued units in 2003, it was widely trumpeted by brokers and in the media as a well-established company (although we viewed it as the over-the-hill division of a formerly well-established company).

The company stayed in the limelight even though its high dividend yields—consistently above 10%—ought to have been a warning sign.

In August 2011, the company's credit rating was downgraded to junk status; in September 2011, it cut its dividend altogether. By then the yield was above 30%.

We never recommended the shares of Yellow Media, advising investors to stay away from them well before the stock went into its precipitous decline.

If you stick with quality dividend stocks, the income you earn can supply a significant percentage of your total return.

For instance, conservative stocks such as utilities usually offer sustainable dividend yields in addition to prospects of steady growth. Two of the stocks we cover regularly in our *TSI Dividend Advisor* premium publication are good examples of this dependability.

**Emera Inc.** (symbol EMA on Toronto; www.emera.com) owns 100% of Nova Scotia Power, that province's main electricity supplier. It also holds interests in several power plants and natural gas pipelines in the U.S. and the Caribbean.

In July 2016, Emera purchased Teco Energy for $13.9 billion. That firm supplies electricity and natural gas to 1.33 million customers in Tampa Bay, Florida.

To conserve cash for new projects, Emera has slowed the pace of its planned dividend hikes. As a result, it will now increase its annual dividend by between 1% and 2% annually, down from its previous target of 4% to 5%.

Under that new policy, starting with the November 2024 payment, Emera raised your quarterly dividend by 1.0%. Investors now receive $0.725 a share instead of $0.7175. The annual rate of $2.90 yields a high 4.9%.

**Fortis Inc.** (symbol FTS on Toronto; www.fortisinc.com) owns electrical utilities across Canada, the U.S. and the Caribbean. It also distributes natural gas in British Columbia, Arizona and New York State.

In October 2016, Fortis acquired ITC Holdings Corp. That utility owns 25,100 kilometres of high-voltage power lines in the U.S. Midwest.

Fortis raised your quarterly dividend by 4.2% with the December 2024 payment. Investors now receive $0.615 a share instead of $0.59. The new annual rate of $2.36 yields a solid 3.8%.

With this hike, the company has increased the annual dividend rate each year for the past 51 years. Moreover, it plans to increase the annual rate by between 4% and 6% each year through 2029.

## Strategy #5: Make Dividend Reinvestment Plans work for you

Dividends are in fashion with investors right now, and that's always a good thing. After all, creative accounting can produce false impressions of prosperity and hide embarrassing financial problems. But accounting can't create cash for this year's dividend, let alone conjure up a history of past dividends. Stick to dividend payers and you'll avoid most of the market's greatest disasters.

Some companies provide dividend reinvestment plans, or DRIPs, that allow shareholders to receive additional shares in lieu of cash dividends. DRIPs don't require the participation of brokers, so shareholders save on commissions.

DRIPs also eliminate the nuisance effect of receiving small cash dividend payments. Second, some DRIPs let you reinvest your dividends in additional shares at a discount to current prices. Third, many DRIPs also allow optional commission-free share purchases on a monthly or quarterly basis.

Generally, investors must first own and register at least one share before they can participate in a DRIP. The investor must then notify the company that he or she wishes to participate in the company's DRIP.

There are also separate dividend reinvestment plans that are available through most discount brokers (these are called “synthetic DRIPs”). The bookkeeping is simpler with these DRIPs. Under these plans, brokers will reinvest dividends on shares that you hold in your account. Not all your dividend stocks may be eligible for these plans, however.

Still, overall, we think that dividend reinvestment plans are okay to participate in. But we think there are a few important points to keep in mind:

- Many investors make their investment choices solely on the basis of the existence of the DRIP option. We think the availability of a DRIP is only a bonus, rather than a reason to invest by itself. Investing only in stocks that offer DRIPs can limit both investment choice and opportunity.

- Development of low-cost, or discount, brokerages and online investing have reduced the commission on investment trades. Thus, the commission-free investing that DRIP investing allows is less of an advantage today than it was in the past.

- Taxes are still payable on dividends that are reinvested.

Most companies that offer DRIPs provide details on their websites. Another place to look for information is the inside back cover of most companies’ annual reports. You can also contact the investor relations department of companies you wish to invest in.

## Strategy #6: Make dividend-paying stocks a cornerstone of your retirement plan

We think dividends play a very important role in retirement, but not quite the way people think. A history of 15-, 10- or, even, five years of dividend payments is the sort of pedigree for a stock. It tells you the stock has been looking after its investors for a good period of time.

And that record of dividend payments is something you can’t fake. So it’s a very good idea in retirement to confine your buying to stocks that do have a dividend record, not just a current dividend.

But if you’re investing the way a stock market investor should, there’ll be some years when you need to sell things—whether it’s stock in a company that’s being bought in a takeover or a specific stock that’s become too big a part of your portfolio. When that happens, capital gains are every bit as spendable as dividends.

Some people think that buy-and-hold means buy and forget about it. It really should be buy, hold and watch carefully—even for dividend-paying stock with a pedigree. But when you build your retirement portfolio out of stocks that pay dividends, you have fewer unpleasant surprises and a better, more stable source of retirement income, from steady dividends and occasional capital gains.

We’ve always placed a high value on a strong record of paying dividends, mainly because it provides that pedigree of sorts for the stocks we recommend. After all, you can’t fake a record of dividends. It takes a lot of success and high-quality management for a company to have the cash and the determination to declare and pay a dividend every year for five or 10 years or more. It’s not something you can create on the spur of the moment.

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But it’s nothing of the kind. It’s a good sign, but not the only sign you need to look for. It takes continuing effort to succeed as a so-called “buy-and-hold” investor. You need to learn how to “buy and watch carefully.”

Retirement planning is something you should start to think about long before you retire. But you don’t have to come up with a complete answer to it ahead of time, and don’t confine your planning strictly to the financial side. The abundant free time you’ll have in retirement could turn out to be a great asset, both from the financial point of view, and from the personal happiness and well-being it can deliver.

# Strategy #7: Buy these 4 of our Favourite Dividend Stocks (and one REIT)

## Our Safety-Conscious Pick:

**TC ENERGY CORP.** (symbol TRP on Toronto, Dividend yield: 5.2%) operates a 93,600-kilometer pipeline network that pumps natural gas from Alberta to eastern Canada and the U.S. It also owns gas pipelines in Mexico, and owns or invests in seven power plants in Canada and the U.S.

On October 1, 2024, TC completed the spinoff of its oil pipeline business as separate company South Bow Corp. (Toronto symbol SOBO). Investors received 0.2 of a South Bow share for every TC share they held. They will not be liable for capital gains taxes until they sell their new shares.

Due to the loss of the South Bow assets, TC cut your quarterly dividend by 14.3% with the January 31, 2025, payment.

TC now plans to spend $24.9 billion on new projects and upgrades through 2031. Those new projects should lift its EBITDA (earnings before interest, taxes, depreciation and amortization) from $10.0 billion in 2024 to between $11.7 billion and $11.9 billion in 2027.

Moreover, potential U.S. tariffs will have little impact on TC. That’s because 97% of its earnings come from rate-regulated or take-or-pay contracts.

TC is so confident in its prospects that it’s now raising your quarterly dividend by 3.3% with the April 2025 payment, to $0.85 a share from $0.8225. The new annual rate of $3.40 yields 5.2%.

TC Energy is a buy.

## Our Conservative Canadian Pick:

**TELUS CORP.** (symbol T on Toronto; Dividend yield: 7.2%) is Canada’s largest wireless carrier with 13.88 million subscribers (including non-cellphone devices such as tablets). It also sells landline phone, Internet and TV services in B.C., Alberta and eastern Quebec.

Starting in 2011, Telus began rewarding its shareholders with twice yearly dividend increases. Under the current version of the plan, the company has committed to increasing the annual rate by between 7% and 10% from 2023 through the end of 2025.

The most-recent increase came with the January 2025 quarterly payment. Investors now receive $0.4023 a share, up 3.4% from $0.3891. The new annual rate of $1.609 a share yields a high 7.2%.

Telus has substantially completed its multi-year plan to upgrade wireless networks to handle 5G signals, which are much faster than current 4G (LTE) systems. It has also upgraded most of its copper-line networks to fibre-optic cable. The company expects those improvements will continue to help it attract new users.

Telus is a buy.

## Our More Aggressive Pick:

**TRANSCONTINENTAL INC.** (symbol TCL.A on Toronto; Dividend yield: 5.3%) is Canada's leading commercial printer. It also makes plastic packaging for consumer and industrial products.

In May 2018, Transcontinental paid $1.7 billion for Chicago-based Coveris Americas. It makes plastic packaging at plants in the U.S., Canada, the U.K., Ecuador, Guatemala, Mexico, New Zealand and China. With the Coveris purchase, the company now gets more than half of its revenue from packaging. That offsets the cyclical nature of Transcontinental's commercial printing and media operations. It also cuts your risk as an investor.

With the April 2020 payment, Transcontinental raised its quarterly dividend by 2.3%. Investors now receive $0.225 a share, up 2.3% from $0.22. The new annual rate of $0.90 still looks secure, and yields a high 5.3%.

Transcontinental is a buy, but for aggressive investors only.

## Our Wall Street American Pick

**VERIZON COMMUNICATIONS INC.** (symbol VZ on New York; Dividend yield: 6.3%) is the second-largest provider of wireless communication (cellphone) services in the U.S. after AT&T.

With the November 2024 payment, Verizon raised your quarterly dividend by 1.9%. The new annual rate of $2.71 a share yields a high 6.3%.

The company is now buying Frontier Communications Parent Inc. (Nasdaq symbol FYBR) in an all-cash deal valued at $20 billion. Frontier provides high-speed Internet access through fibre-optic lines to 2.2 million subscribers across 25 states. That will help Verizon attract and retain mobile phone customers with discounted service bundles.

Verizon aims to complete the purchase in late 2025. Eliminating overlapping operations will let it cut $500 million from its annual costs by the end of the third year.

Verizon is a buy.

## Our pick among Real Estate Investment Trusts (REITs):

REITs, Canada's remaining category of income trusts, continue to pay distributions before they pay tax (see page 3). The 2011 law that put an end to tax privileges for other income trusts made an exception for these real estate management firms. They remain popular with Canadian investors seeking steady income and good yields. Here is our top pick among REITs.

**RIOCAN REAL ESTATE INVESTMENT TRUST** (Toronto symbol REI.UN; Dividend yield: 6.0%) owns all or part of 178 shopping centres and mixed-use properties with a net leasable area of 32.2 million square feet. Its occupancy rate is a high 98.0%.

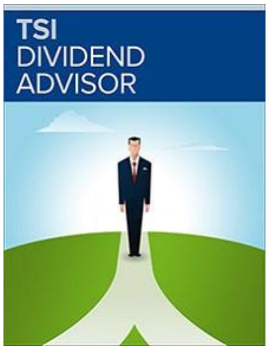
RioCan cut its monthly distribution by 33.3% to $0.96 a unit (on an annual basis) in February 2021 as retailers shut down due to the COVID-19 pandemic. As the restrictions eased, the trust resumed annual distribution increases.

Under that policy, RioCan will increase your monthly distribution by 4.3% with the March 2025 payment. Investors will then receive $0.0965 a unit from $0.0925. The new annual rate of $1.158 yields a solid 6.0%.

Meantime, RioCan continues to benefit from its October 2017 strategy to focus on six major urban markets: Toronto, Montreal, Ottawa, Calgary, Edmonton and Vancouver. Those cities now supply 94% of its rental revenue, up from 74% in 2017.

As well, the trust's focus on grocery stores, restaurants and theatres as tenants—businesses that encourage repeat customer visits—cuts your risk. It also has expanded into mixed-use (retail, office and residential) projects, which now supply 15% of its rental revenue.

RioCan is a buy.




Want more advice and picks like these? Check out our TSI Dividend Advisor Newsletter.

TSI Dividend Advisor teaches you how to build a more powerful portfolio, based on a selection of the best 85 dividend stocks.

Featuring our unique Dividend Sustainability ratings and four portfolios that sort these stocks from the most conservative to the more aggressive, we tell you which stocks are good for buying now. We also point out dividend stocks we think investors should avoid.

Click here to find out more about TSI Dividend Advisor

# Conclusion

Dividend stocks don't always get the respect they deserve, but they deserve to be the foundation of your investment portfolio.

Dividends are more reliable than capital gains. The top companies will always do their best to maintain their dividends and increase them whenever they can.

Dividends are also a mark of investment quality. You can't fake dividends and failing companies can't afford to pay them. Invest in dividend-paying stocks and you'll stay out of most of the market's worst disasters.

They are an integral part of our three-part investing program, which forms the core of all the advice you get in our newsletters and investment services, and on TSI Network.

These three safeguards will tend to limit your losses at the worst of times. But over long periods, they also let you profit nearly automatically.

**1. Invest mainly in well-established, mainly dividend-paying companies.**

> When the market goes into a lengthy downturn, these stocks generally keep paying their dividends, and they are among the first to recover when conditions improve.

**2. Spread your money out across the five main economic sectors (Manufacturing & Industry; Resources & Commodities; Consumer; Finance; and Utilities).**

> This helps you avoid excess exposure to any one segment of the market that is headed for trouble. Diversifying across the five sectors will also dampen your portfolio's volatility in the long term, without the shrinking in its potential that you'd get if you invest significantly in bonds yielding little more than 3%.

**3. Avoid or downplay stocks in the broker/media limelight.**

> That limelight tends to raise investor expectations to excessive levels. When companies fail to live up to expectations, these stocks can plunge. Remember, when expectations are excessive, occasional failure to live up to them is virtually guaranteed, in the long term if not in the short.

These three investing philosophy principles guide us in every portfolio we manage. Using these three value-investing principles will help protect your money during periods of market turbulence, and help you profit when the market rises.

# About TSI Network

With over four decades of experience as an advisor, commentator, editor and publisher, Pat McKeough has a long record of determining which stocks are bound to reward investors most.

Over the past two decades he has been the editor and publisher of a growing series of investment newsletters through *TSI Network*. Pat also offers two investment advice services, *Inner Circle* and the advanced *Inner Circle Pro*. Since 1999, he and his team have put his investment approach to work for private clients in his Successful Investor Wealth Management business.

His philosophy is anchored in safety and a balanced portfolio to generate accelerating gains for subscribers and clients. TSI Network now publishes seven newsletters for every kind of investor:

1. ***The Successful Investor***—Pat's flagship advisory continues to be a beacon for Canadian investors seeking growing gains and reduced risk with the best Canadian stocks.

2. ***Power Growth Investor***—If you like the idea of "a conservative approach to aggressive investing", this advisory has Canadian and U.S. stocks with escalating growth potential.

3. ***Wall Street Stock Forecaster***—Your portfolio is much stronger with at least 20% in U.S. stocks—and this special advisory covers the 70 best U.S. stocks for Canadians.

4. ***Canadian Wealth Advisor***—A 'safety-first' advisory offering you the best conservative strategies based on well-established Canadian dividend stocks, ETFs and REITs.

5. ***TSI Dividend Advisor***—In this advisory, our exclusive Dividend Sustainability Ratings® will change the way you look at dividend stocks—and the way you invest in them.

6. ***Spinoffs & Takeovers***—If you'd like "the closest thing to a sure thing in investing," this advisory on spinoffs and other special opportunities is utterly unique.

7. ***The Best ETFs for Canadian Investors***—This ground-breaking publication shows you how to get the best results with ETFs as these investments explode in popularity.

In 2002, Pat founded his ***Inner Circle***, offering investors more personal attention, plus access to his four original publications. Members can ask Pat personal investment questions. They also get his commentaries and answers to questions posed by other Inner Circle Members. In 2017 he launched ***Inner Circle Pro***, an advanced group that receives all seven of his newsletters.

Through ***Successful Investor Wealth Management***, Pat and his team manage assets under management verging on $1 billion and growing. Free of comprising ties to brokerages, with no hidden costs or commissions, the team charts an independent course for clients. For the past 18 years the portfolios they manage for clients have enjoyed an uncommonly high annual average return.

You will find more information on all of these services at www.tsinetwork.ca

# Successful Investor Wealth Management

Pat McKeough offers personal portfolio management advice to a number of individual investors, his Successful Investor Wealth Management clients.

Before becoming our clients, many followed Pat's advice through our investment newsletters. Others were referred to us by satisfied portfolio management clients. All benefit from the fact that this service is free of the conflicts of interest that distort so many other sources of investment advice.

A strong team of experts contribute an enormous amount of time and research to the Successful Investor Wealth Management service. But Pat personally approves every transaction in every portfolio.

If you'd like to know more about this unique portfolio management service, please call **1-888-292-0296.**