The Power Of Dividend Growth!

wiseinvestments.ca/dividend-growth/

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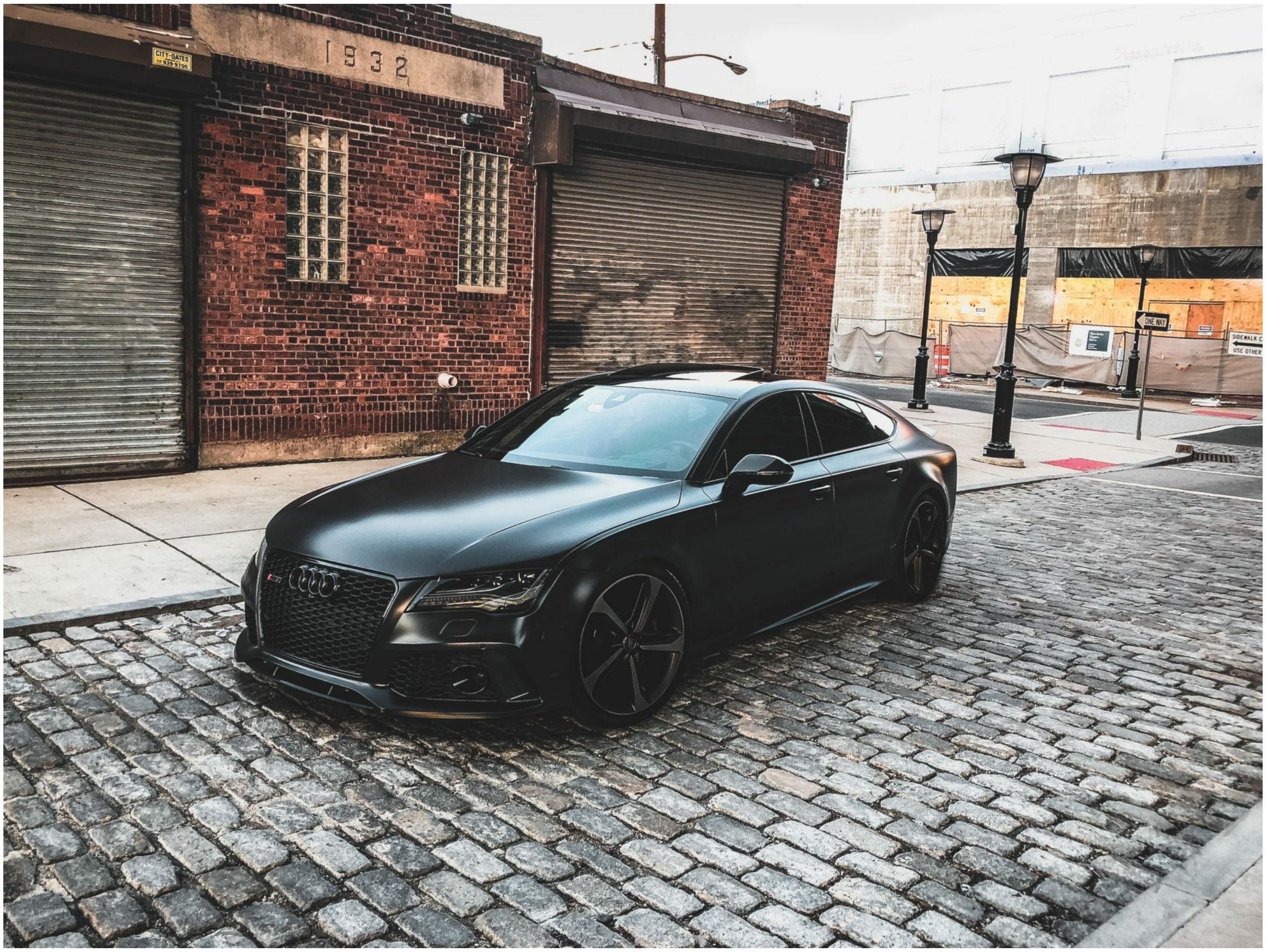
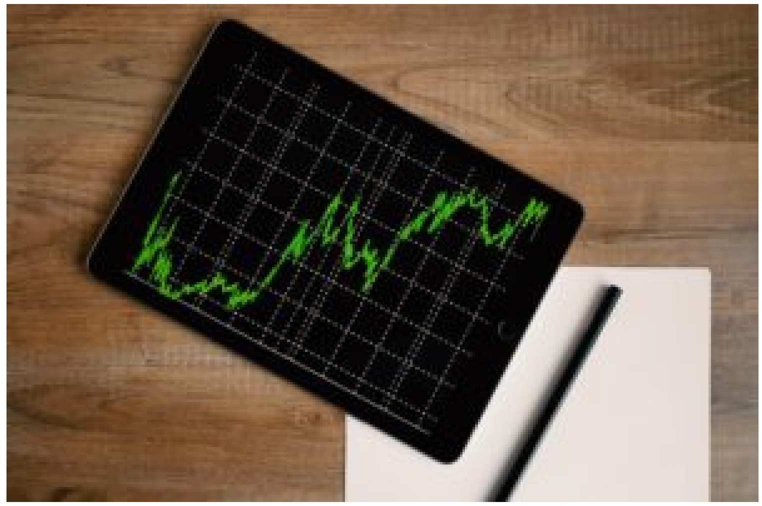


Just like any business or form of income, learning how to invest in dividends won't be a walk in the park. It takes a lot of time and effort to learn but comes with a rather attractive reward, an increasing rate of return. In order to successfully invest in stocks, you must first learn how to identify if they're worthy of your time!

Dividends are an amazing sign that'll help you determine the value of a stock. Increasing dividends are telltale signs that a company is growing, especially in their earnings! This means that if a company is consistently increasing their dividend annually, it is safe to say that their earnings are also increasing. Below we will examine a few more ways on how you can create a dividend growth plan!

Contents

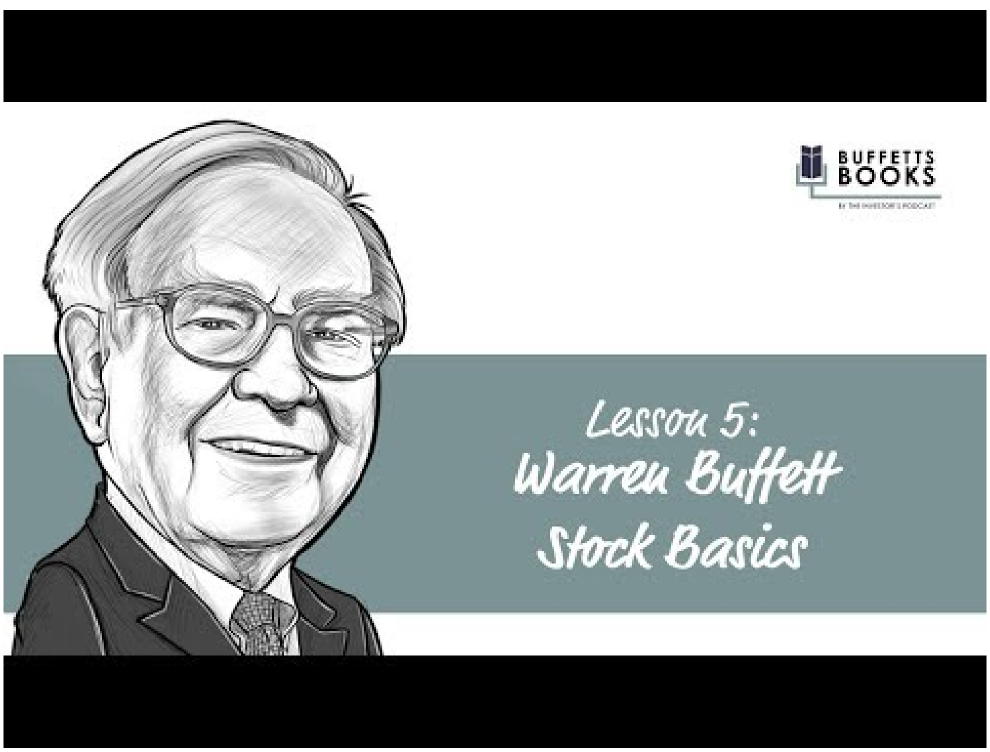
1. Does It Trend?



Trending can be looked at in multiple ways. There is, of course, the trend that many of us see on the charts where stock in increasing in value. However, we must also look at the growth in dividends paid out to the investors. It is a good sign when a company pays dividends out every quarter and has a history of increasing the amount.

Aside from looking at the dividend trends, there are other telltale signs that a company may do well. For starters, if a company buys back their own stocks. This is good for multiple reasons! Investopedia outlines 4 main reasons as to why share buybacks are advantageous! If you want to know more about stock repurchasing or buybacks, check out their website now!

2. Carefully Evaluate The Dividend Stock



https://youtu.be/_uQjGz6jp2E

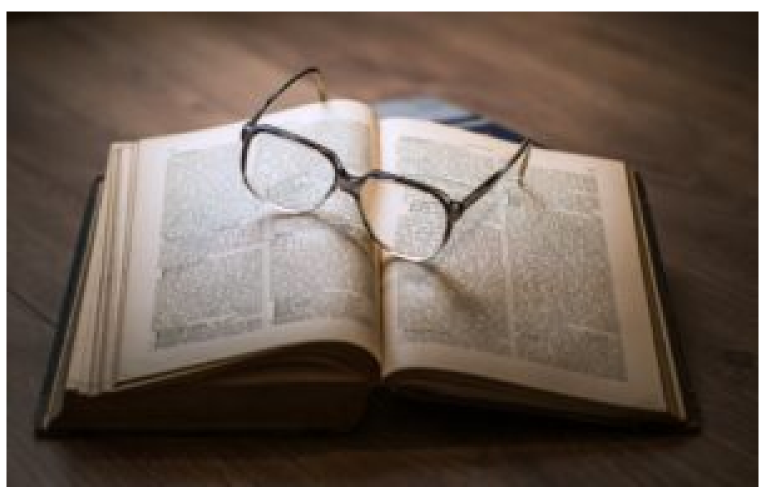
Evaluating a stock is one of the key components in deciding which share to add to your portfolio. There are various different aspects to look at. Some are more important than others. However, each one plays a key role in the potential success of a stock. As stated above, the stock must be trending in a positive direction. Further, we must take a look at the various earnings and value formulas!

The first and most popular one is the P/E ratio. P/E rations stand for the price of stock/earnings per share. It essentially explains how much money you're willing to invest per $1 return. Therefore, if a company P/E ratio is $20 price per share/$2 earnings per share = $10 P/E. This means that for every $10 invested you can expect a $1 return! Ideally, this P/E ration should be under 20! Ideally, you'll want the enterprise value/EBITDA ratio to be even less than that!

Next, finding a company that has a trend of increasing their dividend each you'll is an incredible sign of an opportunity! Any sort of growth is good but the higher the growth percentage, the better! Lastly, you'll want to look at the PEG growth! A simple formula to find this out is PEG Ratio = P/E Ratio/Annual EPS Growth. The lower this number, the better. This ratio indicates how undervalued a stock is, any number less than 1.0 is a great sign!

To recap, the key components you'll look for in finding an undervalued stock are P/E ratio under 20, EV/EBITDA ration under 15 or 10, a history of constantly increasing the dividend annually and a PEG ratio of under 1.0! Above are a few additional rules to follow by the one, the only, Warren Buffet!

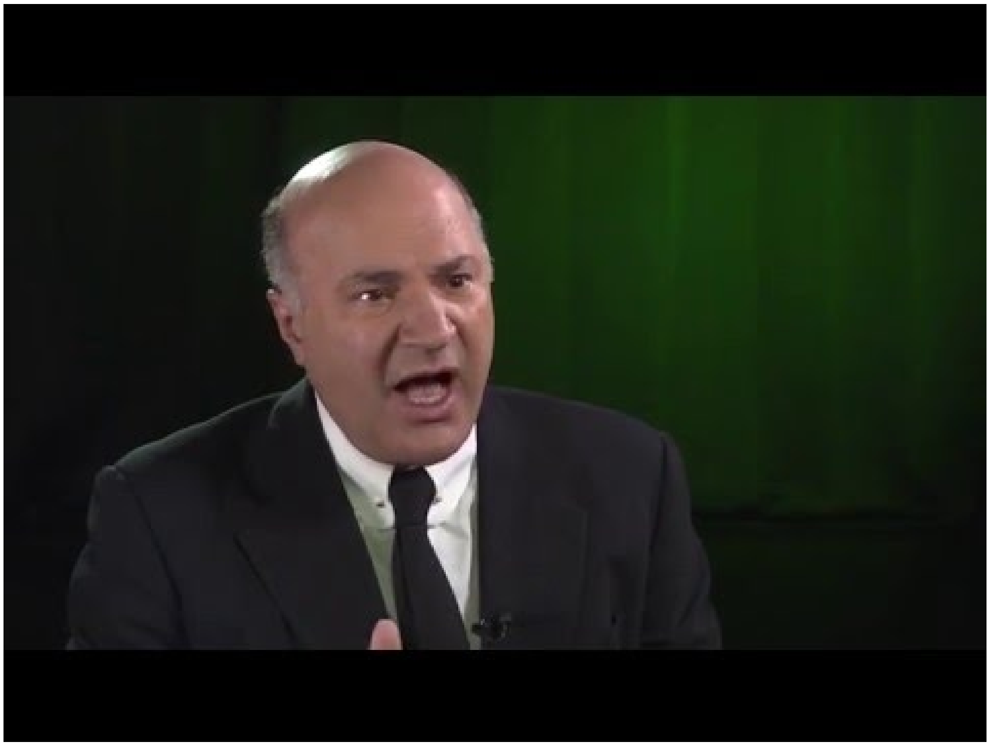
3. Always Invest In What You Understand



You've heard it before, especially on this website. Always invest in what you know! This cannot be stressed enough! If you invest in what you know, you're far more likely to make fewer errors when making investment decisions. You'll have a better understanding of critical information and how it'll affect your investments. Furthermore, since you're already are familiar with the industry, there will be less initial learning!

Choose companies where you know their product, their business structure/model and most importantly, how they make money! However, I'm not particularly against learning about a new industry/country, doing this is a great way to diversify your portfolio!

4. What Can This Do For Your Income?



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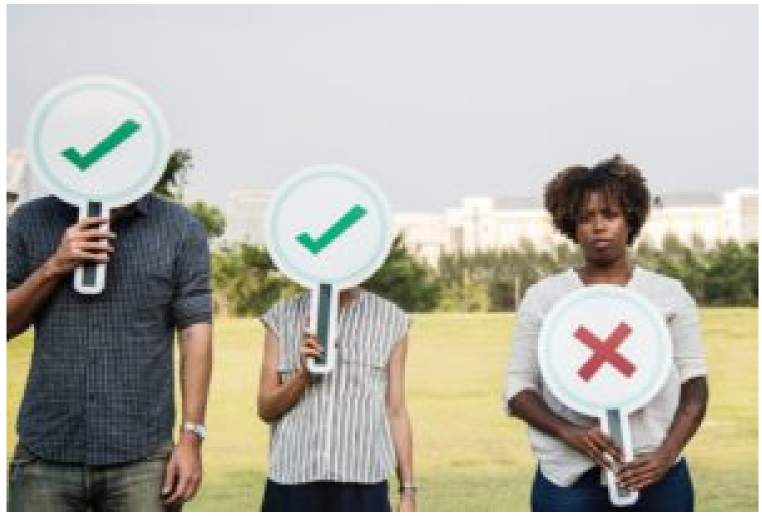
Dividend income can do many things for your income! If you take the necessary time out of your day to accumulate money, learn about stocks and apply these points above, you'll be able to add this to your list of passive income streams!

Everyone says stocks are risky because there is a certain degree of volatility and this is true. However, every stock has the opportunity to exponentially grow in the long run! When I was reading One Up On Wall Street, a concept really stuck out to me. If you purchase in a $5 stock. The worst possible outcome is that it reaches zero, you'll only lose what you put in. However, that stock can exponentially grow for as long as you have it. Therefore, you have the opportunity to earn so much for only risking a fraction of the amount!

With many dividends, you'll have the ability to reinvest the payout into more stocks. This means you can automatically purchase more stocks which will increase in value! Sounds like a win-win to me! This can be a form of side hustle or passive income and the best part is that your dividend growth can increase without you doing anything! This is a very powerful concept and should be taken seriously. In the video above, business mogul and shark tank member Kevin O'Leary explain why he only buys stocks that pay dividends!

5. Are Dividends Right For You?



It's not a question of whether dividends are right or wrong for you. The question is are you willing to take the time to learn this powerful form of income! For many, learning things like this can be borings and I can definitely see that. Seeing numbers fluctuating can get tedious, repetitive and flat out boring. However, a trick that I always used to stay interested is looking beyond the numbers.

For every % growth see that as a step towards a better financial future. Every dividend that is paid out to you is just another reason to keep going. The only way the money will stop coming in is if you stop it. Therefore, dividends are a good investment for anyone willing to learn. The only question is, how much dedication are you will have in order to learn this powerful form of income?

6. Why You Should Be Investing!

https://youtu.be/iiFZywdGgK4

The reason why you should be investing is simple, you earn more money! It's true that money isn't everything but unfortunately, it is needed in this society. Money runs the world and in some cases earns power. Even if you don't have a lot of money, investing small amounts can have plenty of benefits. Your money isn't just sitting there collecting dust or waiting to be spent. If you have the money, why not let it grow while you work hard at your job or other ventures.

Imagine this, you work your 9-5 jobs but have a website that is earning you passive income. However, the income from the website is just extra cash flow. Now imagine that extra income being put straight into investments that grow as time goes by and as a result, the dividends get reinvested! Your earnings will be growing while you sleep, work and live your daily life! It'll become a monetary snowball that increases grow faster and faster as time goes by!