Looking for Growing Dividends? Look No Further

Description

One of the most common mistakes when investing is to go for the big dividend. While a juicy yield is very tempting, what really matters is the direction that those dividends are going in. Put simply, is the dividend likely to see increases? Can the company afford its payout? Is the company on solid footing?

If you don't ask these questions before buying a stock, you could be facing a dividend cut, a nightmarish scenario for any investor. On that note, below are three companies that are poised to raise their payout.

1. Canadian Tire

In the United States, retailing is a very dangerous game. But in Canada, retailers are much more reliable, mainly because gigantic companies like **Walmart** and **Amazon** are not as influential. And a perfect example of a strong Canadian retailer is **Canadian Tire** (TSX: CTC.A).

The company's main advantage is its footprint – over 90% of Canadians live within a 15-minute drive of a Canadian Tire store. So when competitors like **Lowe's** or **Target** come to Canada, the best real estate is already taken by companies like Tire.

So the company is on very solid footing, yet it is paying less than 25% of its expected earnings this year out to shareholders. Tire's expansion opportunities are limited (the company will not be entering the United States any time soon), so expect this dividend to rise in years ahead.

2. Gildan Activewear

T-shirt maker **Gildan Activewear** (TSX: GIL)(NYSE: GIL) has done very well recently, and as a result its shares are up 120% in the last two years. Yet the dividend has not risen at nearly the same pace. In fact, Gildan is paying out only 14% of expected earnings to shareholders, and analysts expect the company's earnings to increase another 17% in 2015.

Gildan has more expansion opportunities than Canadian Tire. But Gildan has so much room to raise its dividend that such an event is arguably inevitable.

3. Manulife

No Canadian financial institution suffered as much as **Manulife Financial** (TSX: MFC)(NYSE: MFC) during the financial crisis. The company even struggled to raise sufficient capital. And since then, its recovery has come more slowly than it would have liked.

But Manulife has now come roaring back, and its future is as bright as ever. Yet its dividend has not been raised since being cut during the crisis, and now stands at only 32% of expected earnings. So there's plenty of room for Manulife to raise its dividend, especially since the company is better-capitalized than its large peers.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:GIL (Gildan Activewear Inc.)
2. NYSE:MFC (Manulife Financial Corporation)
3. TSX:CTC.A (Canadian Tire Corporation, Limited)
4. TSX:GIL (Gildan Activewear Inc.)
5. TSX:MFC (Manulife Financial Corporation)

Category

1. Investing

Date
2025/07/04
Date Created
2014/07/17
Author
bensinclair