3 Dividend-Growth Stocks to Buy Today

Description

It's been proven over and over again: dividend-paying stocks outperform their non-dividend-paying peers. Of this group, companies that increase their dividends year after year outperform the most of all.

That's why my favourite place to look for new income ideas is a group of stocks known as the Dividend Aristocrats. These companies are TSX constituents that have raised their dividend payouts for at least five consecutive years.

Don't skip over these stocks just because of their small yields. Given enough time, even a dividend trickle can become a raging river of cash flow. All of these companies have long histories of lavishing shareholders with growing dividend cheques.

So, with this theme in mind, here are three top Dividend Aristocrats to buy today.

1. Enbridge Inc.

When I try to convince people about the benefits of dividend-growth investing, I always point to **Enbridge Inc.** (TSX:ENB)(NYSE:ENB).

Over the past 20 years, the company has raised its payout at an 11% annual clip. If you had bought 100 Enbridge shares in 1995 and never made another purchase, you would have 800 shares today, thanks to stock splits. What's more, the yield on your original investment would be almost 90% with reinvested distributions.

And Enbridge might just be getting started. Thanks to the oil boom we're seeing across the continent, there's an enormous demand for new energy infrastructure. Companies like Enbridge that will ship, store, and move all of these hydrocarbons are poised to make a fortune.

2. Restaurant Brands International Inc

Restaurant Brands International Inc (TSX:QSR)(NYSE:QSR) is my favourite Dividend Aristocrat because it's one of the most recession-proof businesses I know of.

If you follow the news, you probably know that RBI was formed through a merger between coffee chain Tim Hortons and fast food giant Burger King. Now, these two companies have joined forces to create the third-largest restaurant business in the world.

No matter what the economy is doing, people don't generally skip their favourite coffee. In fact, the company enjoys a growing customer base when other restaurants slow down. Consumers who generally shop at high-end chains may need to tighten their belts in tougher times and eat where the bargains are.

That's why before the merger announcement, both of these companies were able to pass on big dividend hikes through good times and bad. I expect that tradition to continue under the RBI banner.

3. Imperial Oil Limited

Someone once said that the best things come in small packages. That person clearly wasn't an oil investor.

In this industry, you need raw size and scale to tackle the toughest energy challenges. And in the oil patch, it doesn't get any bigger than **Imperial Oil Limited** (TSX:IMO)(NYSE:IMO).

Imperial is a cash-gushing machine. Between 2004 and 2013, the company has paid out nearly $13 billion in dividends and buybacks—more than rivals **Suncor**, **Cenovus**, and **Canadian Natural Resources** *combined*. And since 1994, Imperial has repurchased over half of its outstanding shares, allowing investors to more than double their stake in a wonderful business *tax-free*.

Imperial has a diverse set of growth opportunities in front of it. The company is sitting on top of 16 billion barrels of oil equivalent in resources, with operations stretching from the Alberta oil sands, north to the Mackenzie Delta, and east to the Orphan Basin off the coast of Newfoundland.

That should provide plenty of room for dividend hikes in the years to come.

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1. Dividend Stocks
2. Investing

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1. Editor's Choice

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1. NYSE:ENB (Enbridge Inc.)
2. NYSE:QSR (Restaurant Brands International Inc.)
3. NYSEMKT:IMO (Imperial Oil Limited)
4. TSX:ENB (Enbridge Inc.)
5. TSX:IMO (Imperial Oil Limited)
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