3 Small-Cap Dividend-Growth Plays to Buy Today

Description

If you are new to investing, there are three facts you must know. First, small-cap stocks have the highest growth rates on average. Second, dividend-paying stocks outperform non-dividend-paying stocks over the long term. And third, the dividend-paying stocks with the highest returns are those that increase their payments as often as possible.

With the facts above in mind, let's take a look at three small-cap dividend-growth plays that you could add to your portfolio today.

1. Canadian Western Bank

Canadian Western Bank (TSX:CWB) is one of the largest banking institutions in Canada's four western provinces, with approximately $22.3 billion in total assets.

At today's levels, its stock trades at just 9.5 times fiscal 2015's estimated earnings per share of $2.61 and only 9.1 times fiscal 2016's estimated earnings per share of $2.72, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 13.3 and its industry average multiple of 12.5, and the latter of which is inexpensive compared with its trailing 12-month multiple of 9.5.

In addition, Canadian Western Bank pays a quarterly dividend of $0.22 per share, or $0.88 per share annually, giving its stock a 3.6% yield. It is also very important to note that the company has increased its dividend for 23 consecutive years, the third-longest active streak for a public corporation in Canada.

2. Transcontinental Inc.

Transcontinental Inc. (TSX:TCL.A) is the largest provider of printing services, and one of the leading providers of proximity media solutions in Canada.

At current levels, its stock trades at just 8.5 times fiscal 2015's estimated earnings per share of $2.36 and only 8.3 times fiscal 2016's estimated earnings per share of $2.42, both of which are inexpensive compared with its trailing 12-month price-to-earnings multiple of 9.2, its five-year average multiple of 158.1, and its industry average multiple of 29.3.

Additionally, Transcontinental pays a quarterly dividend of $0.17 per share, or $0.68 per share annually, giving its stock a 3.4% yield. Investors should also note that the company has increased its dividend for 14 consecutive years.

3. ShawCor Ltd.

ShawCor Ltd. (TSX:SCL) is one of the leading providers of technology-based products and services to the pipeline and pipe services markets, and it is the world's largest provider of advanced pipeline coatings.

At today's levels, its stock trades at just 22.9 times fiscal 2015's estimated earnings per share of $1.33 and only 17.4 times fiscal 2016's estimated earnings per share of $1.75, both of which are inexpensive compared with its trailing 12-month price-to-earnings multiple of 138.5 and its five-year average multiple of 29.5, and the latter of which is inexpensive compared with its industry average multiple of 20.7.

In addition, ShawCor pays a quarterly dividend of $0.15 per share, or $0.60 per share annually, giving its stock a 2% yield. It is also important to note that the company has increased its dividend for 10 consecutive years.

Which of these stocks fit your portfolio's needs?

Canadian Western Bank, Transcontinental, and ShawCor are three of the top small-cap dividend-growth plays in the market today. All Foolish investors should strongly consider establishing positions in at least one of them.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CWB (Canadian Western Bank)
2. TSX:MATR (Shawcor)
3. TSX:TCL.A (Transcontinental Inc.)

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