Give Yourself the Gift of Consistently Rising Dividends

Description

If you're anything like me, you'll likely open up at least one dud of a present on Christmas morning.

It's mostly my fault. I'm blessed to be in a dual-income household with no kids, so I have enough disposable income to buy most of the things I want. I realized a long time ago that excess spending is one of the biggest things that holds people back from becoming financially independent, so I try to just buy things that I either need or really want. Thus, I don't spend a whole lot of time or money shopping.

Because of this, I'm very hard to buy for around Christmas time. My relatives want to get me something to open while we're all sitting around the tree on December 25, so I'll end up with a few items that don't have much use at all. Their hearts are in the right place, so it's easy to forgive them.

I can think of one big thing I'd enjoy more than yet another pair of gloves, and that's shares in some of Canada's best dividend-growth stocks. Talk about a present that keeps on giving.

Whether you're buying the gift of a great company for yourself or for someone you care about, here are three great choices that would look great inside of anyone's portfolio.

Telus

Thanks to recent weakness in the market, shares of **Telus Corporation** (TSX:T)(NYSE:TU) have recently hit a new 52-week low.

What a great time to pick up shares of this proven compounder. The company holds a dominant position in western Canada's home phone, Internet, and cable television sectors. And it's doing a great job growing its wireless presence nationally, boosting market share by offering fairly priced plans, terrific customer service, and continued investments in network strength.

And unlike its competitors, Telus is growing its cable subscriber list. The company is doing this mostly by borrowing ideas from its wireless division. New customers can get a free TV or Xbox if they sign up for a three-year cable contract. And since many customers already have Telus Internet or phone, bundling discounts create another incentive to switch over to Telus cable.

Telus pays a 4.5% dividend that has grown from $0.075 per quarter per share in 2002 to $0.44 per quarter today. I don't need a calculator to know that's impressive growth.

TransCanada

TransCanada Corporation (TSX:TRP)(NYSE:TRP) shares have been crushed lately, falling 23% thus far in 2015. The main culprits of the decline have been the persistently weak oil price, the company's failure to get Keystone XL approved in the U.S., and concerns about the debt load of the whole pipeline sector.

Perhaps losing out on Keystone XL was a blessing in disguise. The project was slated to cost up to $10 billion, thanks to the recent weakness in the Canadian dollar. TransCanada's balance sheet is better off without it, which in turn makes the 4.7% dividend more sustainable.

TransCanada trades at a fairly valued 18.7 times trailing earnings. Analysts expect earnings to climb to $2.67 per share in 2016, valuing shares at 16.5 times forward earnings. This is a reasonable price for a company that expects earnings to grow 8-10% annually.

High Liner Foods

High Liner Foods Inc. (TSX:HLF) isn't a name familiar to many investors, partially because it has a market cap of under $500 million.

But the company has a secure position in North America's seafood market, which is poised to continue growing as people eat healthier. Just about every dietitian recommends more seafood and less red meat.

Because High Liner reports its results in U.S. dollars, the market freaked out when it released a weak quarter back in August. The stock went from $23 to $12 in just a few months before recovering slightly.

In reality, the weak quarter was almost entirely due to currencies. Sales in Canada aren't worth as much as they used to be when converting back to U.S. dollars. Thanks to the sell-off, shares are now only worth 12 times earnings.

Dividend growth has been stellar over the last five years. In 2011, High Liner paid just a $0.045 quarterly dividend per share. These days, the dividend is $0.12 quarterly, growth of nearly 22% annually. With a payout ratio of just 39%, there's plenty of dividend-growth potential left in the stock.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

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1. Editor's Choice

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1. NYSE:TRP (Tc Energy)
2. NYSE:TU (TELUS)
3. TSX:HLF (High Liner Foods Incorporated)
4. TSX:T (TELUS)
5. TSX:TRP (TC Energy Corporation)

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