



Dividend Investors: These Top Wealth Generators Are on Sale!

Description

Mr. Market is serving up a rare opportunity for investors to buy some of Canada's best dividend-growth stocks at very attractive prices.

Here are the reasons why I think **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) and **Canadian National Railway Company** ([TSX:CNR](#))([NYSE:CNI](#)) should be on your radar.

Royal Bank

Royal Bank earned \$10 billion in fiscal 2015. That's a ton of money and it shows exactly why investors should buy stocks with dominant positions in sectors with limited competition.

The ongoing rout in the oil patch and the possible fallout across the broader Canadian economy could slow down the profit machine a little bit in the short term, but Royal Bank is still going to crank out great numbers.

The company is expanding its wealth management operations in the U.S., which should help offset slower times in Canada. Royal Bank is also investing heavily in the FinTech space to ensure it stays ahead of the curve on the mobile-payment revolution.

The quarterly dividend of \$0.79 per share that yields about 4.5%. Investors have enjoyed a 10% compound annual growth rate in the distribution over the past 10 years.

A \$10,000 investment in Royal Bank 20 years ago would now be worth \$150,000 with the dividends reinvested.

CN

Hard times in commodity markets have resulted in lower total shipments for CN, but the railway continues to deliver solid results despite the economic headwinds.

How is that possible?

CN is a very efficient railway. The company reduced its operating ratio from 60.7% in Q4 2014 to 57.2% in the fourth quarter of last year. The metric is critical for rail companies because it indicates the amount of revenue being used to run the business.

The strong U.S. dollar is also helping to support earnings. CN generates a significant portion of its profit south of the border, but reports in Canadian dollars. With the greenback now worth about CAD\$1.40, the currency spread is offsetting a slowdown in total shipments.

CN just raised its quarterly dividend by 20% to \$0.375 per share. The distribution yields about 2%, which doesn't look that attractive, but the company has raised the payout by an average of 17% per year for the past two decades, and investors who have owned the stock since it went public in late 1996 are sitting on some serious gains.

In fact, a \$10,000 investment in CN at that time would now be worth more than \$220,000 with the dividends reinvested.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:RY (Royal Bank of Canada)
3. TSX:CNR (Canadian National Railway Company)
4. TSX:RY (Royal Bank of Canada)

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