3 Dividend-Growth Superstars to Buy Now

Description

As Foolish investors know, dividend-paying stocks outperform non-dividend-paying stocks over the long term, and the top returners are those that raise their dividends every year. With these facts in mind, let's take a look at three stocks from different industries that have raised their annual dividend payments for 16 consecutive years or more that you could buy now.

1. Toromont Industries Inc.

Toromont Industries Inc. (TSX:TIH) is one of the largest dealers of Caterpillar equipment and one of the leading designers of industrial and recreational refrigeration systems in North America. It pays a quarterly dividend of $0.18 per share, or $0.72 per share annually, which gives its stock a yield of about 2.5% at today's levels.

Investors must also make two notes.

First, Toromont Industries has raised its annual dividend payment for 26 consecutive years, and its 5.9% hike on February 9 has it on pace for 2016 to mark the 27th consecutive year with an increase.

Second, the company has a target dividend-payout range of 30-40% of its trailing earnings from continuing operations, so I think its consistent growth, including its 9.4% year-over-year growth to $145.67 million in fiscal 2015, will allow its streak of annual increases to continue going forward.

2. Canadian National Railway Company

Canadian National Railway Company (TSX:CNR)(NYSE:CNI) is the largest rail-network operator in Canada. It pays a quarterly dividend of $0.375 per share, or $1.50 per share annually, which gives its stock a yield of about 2% at today's levels.

Investors must also make two notes.

First, Canadian National Railway has raised its annual dividend payment every year since it began paying one in 1996, resulting in 19 consecutive years of increases, and its 20% hike on January 26 has it on pace for 2016 to mark the 20th consecutive year with an increase.

Second, the company has a target dividend payout of 35% of its net earnings, so I think its consistent growth, including its 15.7% year-over-year growth to an adjusted $3.58 billion in fiscal 2015, will allow its streak of annual increases to continue for the next several years.

3. Home Capital Group Inc.

Home Capital Group Inc. (TSX:HCG) is one of Canada's largest non-bank mortgage lenders with over $25 billion in loans under administration. It pays a quarterly dividend of $0.24 per share, or $0.96 per share annually, which gives its stock a yield of about 3.5% at today's levels.

Investors must also make two notes.

First, Home Capital Group has raised its annual dividend payment for 16 consecutive years, and its 9.1% hike on February 10 has it on pace for 2016 to mark the 17th consecutive year with an increase.

Second, the company has a target dividend-payout range of 19-26% of its earnings for the next three to five years, and its projected 8-13% annual earnings growth in this same time frame should allow its streak of annual increases to continue going forward.

Which of these dividend-growth aristocrats belongs in your portfolio?

Toromont Industries, Canadian National Railway, and Home Capital Group are three of the top dividend-growth stocks in their respective industries. All Foolish investors should strongly consider initiating positions in at least one of them today.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. TSX:CNR (Canadian National Railway Company)
3. TSX:HCG (Home Capital Group)
4. TSX:TIH (Toromont Industries Ltd.)

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