3 Top Dividend-Growth Stocks to Add to Your Buy List

Description

As history shows, dividend-paying stocks outperform non-dividend-paying stocks over the long term, and the top wealth creators are those that raise their payouts every single year. It is for this reason that every long-term investor must own at least one dividend-growth stock, so let's take a look at three that you should add to your buy list today.

1. Thomson Reuters Corp.

Thomson Reuters Corp. (TSX:TRI)(NYSE:TRI) is the world's leading source of intelligent information for businesses and professionals. It pays a quarterly dividend of US$0.34 per share, or US$1.36 per share annually, which gives its stock a yield of about 3.4% at today's levels.

Investors must also make two notes.

First, Thomson Reuters has raised its annual dividend payment for 22 consecutive years, and its 1.5% hike in February has it on pace for 2016 to mark the 23rd consecutive year with an increase.

Second, the company has a target dividend-payout range of 40-50% of its free cash flow, so I think its very strong growth, including its 24.6% year-over-year growth to $1.8 billion in fiscal 2015, will allow its streak of annual increases to continue going forward.

2. Metro Inc.

Metro Inc. (TSX:MRU) is one of the largest owners and operators of grocery stores, convenience stores, and drugstores in Canada, and its retail banners include Metro, Super C, Brunet, and Clini Plus. It pays a quarterly dividend of $0.14 per share, or $0.56 per share annually, which gives its stock a yield of about 1.3% at today's levels.

A 1.3% yield is not high by any means, but it is very important for investors to make two notes.

First, Metro has raised its annual dividend payment for 21 consecutive years, and its 19.7% hike in January has it on pace for 2016 to mark the 22nd consecutive year with an increase.

Second, the company has a target dividend-payout range of 20-30% of its net earnings, so I think its very strong growth, including its 19.7% year-over-year growth to an adjusted $139.8 million in its first quarter of fiscal 2016, will allow its streak of annual increases to continue for the next several years.

3. Transcontinental Inc.

Transcontinental Inc. (TSX:TCL.A) is Canada's largest printer with operations in print, flexible packaging, publishing, and digital media, and it is one of the country's leading providers of proximity media solutions. It pays a quarterly dividend of $0.185 per share, or $0.74 per share annually, which gives its stock a yield of about 3.6% at today's levels.

Investors must also note that Transcontinental has raised its annual dividend payment for 14 consecutive years, and its recent increases, including its 6.3% hike in March 2015 and its 8.8% hike on March 9, has it on pace for 2016 to mark the 15th consecutive year with an increase.

Which of these dividend aristocrats belongs in your portfolio?

Thomson Reuters, Metro, and Transcontinental are three of the top dividend-growth stocks in their respective industries, and I think all three represent great long-term investment opportunities today. Foolish investors should strongly consider making one of them a core holding.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NASDAQ:TRI (Thomson Reuters)
2. TSX:MRU (Metro Inc.)
3. TSX:TCL.A (Transcontinental Inc.)
4. TSX:TRI (Thomson Reuters)

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