3 Dividend-Growth Stocks Worth Buying Today

Description

As history has shown, owning a portfolio of dividend-paying stocks is a great way to build wealth over the long term, and this investment strategy works best when you own stocks that increase their payouts every year. With this in mind, let's take a look at three stocks from different industries that have dividend yields of 4% or more and active streaks of annual increases, so you can determine if you should buy one or all of them today.

1. Toronto-Dominion Bank

Toronto-Dominion Bank (TSX:TD)(NYSE:TD) is the second-largest bank in Canada with about $1.2 trillion in total assets. It currently pays a quarterly dividend of $0.55 per share, or $2.20 per share annually, which gives its stock a yield of about 4% at today's levels.

It is also important to make two notes.

First, the company has raised its annual dividend payment for five consecutive years, and its 7.8% hike in February has it on pace for 2016 to mark the sixth consecutive year with an increase.

Second, Toronto-Dominion has a target dividend-payout range of 40-50% of its adjusted net income, so I think its consistent growth, including its 5.4% year-over-year increase to an adjusted $1.18 per share in its first quarter of fiscal 2016, and its growing asset base will allow its streak of annual dividend increases to continue going forward.

2. Granite Real Estate Investment Trust

Granite Real Estate Investment Trust (TSX:GRT.UN)(NYSE:GRP) owns a portfolio of 98 predominantly industrial properties across North America and Europe. It pays a monthly distribution of $0.203 per share, or $2.44 per share annually, which gives its stock a yield of about 6.7% at today's levels.

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First, the company has raised its annual distribution for five consecutive years, and its 5.7% hike in March has it on pace for 2016 to mark the sixth consecutive year with an increase.

Second, I think Granite's consistent growth of funds from operations, including its 3.1% year-over-year increase to $3.37 per share in fiscal 2015, its conservative payout ratio, including 68% in fiscal 2015, and its high occupancy rate will allow its streak of annual distribution increases to continue for the next several years.

3. Algonquin Power & Utilities Corp.

Algonquin Power & Utilities Corp. (TSX:AQN) owns and operates a diversified portfolio of renewable electric generation and sustainable utility distribution businesses in North America. It pays a quarterly dividend of US$0.09625 per share, or US$0.385 per share annually, which gives its stock a yield of about 4.7% at today's levels.

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First, the company has raised its annual dividend payment for five consecutive years, and its 10% hike in May 2015 has it on pace for 2016 to mark the sixth consecutive year with an increase.

Second, Algonquin has a long-term goal of raising its dividend by 10% annually, and I think its very strong growth of funds from operations, including its 25% year-over-year increase to $1.15 per share in fiscal 2015, its growing asset base, and the additional cash flows that will come from its acquisition of **Empire District Electric Co**., which is expected to close in early 2017, will allow it to achieve this goal for the foreseeable future.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:TD (The Toronto-Dominion Bank)
2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:GRT.UN (Granite Real Estate Investment Trust)
4. TSX:TD (The Toronto-Dominion Bank)

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