Get Rich Slowly With These 3 Top Dividend Stocks

Description

As history shows, owning a portfolio of dividend-paying stocks is the best way to build wealth over the long term, and this investment strategy generates the highest returns when you own stocks that grow their dividends over time. With this in mind, let's take a look at three stocks with yields over 3%, active streaks of annual increases, and the ability to continue growing their payouts going forward, so you can determine if you should buy one or more of them 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 currently pays a quarterly dividend of US$0.34 per share, or US$1.36 per share annually, which gives its stock a yield of approximately 3.3% at today's levels.

It is also important to make two notes.

First, the company's 1.5% dividend hike in February has it on pace for fiscal 2016 to mark the 23rd consecutive year in which it has raised its annual dividend payment.

Second, Thomson Reuters 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 increase to $1.8 billion in fiscal 2015, will allow its streak of annual dividend increases to continue for the foreseeable future.

2. Canadian REIT

Canadian REIT (TSX:REF.UN) is one of Canada's largest diversified REITs with 197 industrial, retail, and office properties across the country. It currently pays a monthly distribution of $0.15 per share, or $1.80 per share annually, which gives its stock a yield of approximately 4.1% at today's levels.

It is also important to make two notes.

First, the company's 2.9% dividend hike in June 2015 has it on pace for fiscal 2016 to mark the 15th consecutive year in which it has raised its annual dividend payment.

Second, I think Canadian REIT's ample funds from operations, including the adjusted $2.42 per share it earned in fiscal 2015, its modest payout ratio, including an adjusted 73.5% of its funds from operations in fiscal 2015, its high occupancy rate, and its growing asset base will allow its streak of annual distribution increases to continue for the next several years.

3. Finning International Inc.

Finning International Inc. (TSX:FTT) is the world's largest dealer of Caterpillar equipment. It currently pays a quarterly dividend of $0.1825 per share, or $0.73 per share annually, which gives its stock a yield of approximately 3.4% at today's levels.

It is also important to make two notes.

First, the company's 2.8% dividend hike in May 2015 has it on pace for fiscal 2016 to mark the 15th consecutive year in which it has raised its annual dividend payment.

Second, I think Finning's ample free cash flow, including the $325 million it generated in fiscal 2015, its low payout ratio, including 38.2% of its free cash flow in fiscal 2015, and its recent $241 million acquisition of a Caterpillar dealership in Saskatchewan, which will help boost its revenue, earnings, and free cash flow growth going forward, will allow it to announce another dividend hike by the end of the year.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NASDAQ:TRI (Thomson Reuters)
2. TSX:FTT (Finning International Inc.)
3. TSX:TRI (Thomson Reuters)

Category

1. Dividend Stocks
2. Investing

Tags

1. Editor's Choice

Date
2025/07/02
Date Created
2016/04/18
Author
jsolitro