3 Top Dividend-Growth Stocks for Long-Term Investors

Description

As history has shown, owning a portfolio of dividend-paying stocks is the best way to build wealth over the long term, and this investment strategy is most successful when you own stocks that raise their payouts every year. With this in mind, let's take a look at three of the best dividend-growth stocks from different industries, so you can determine if you should buy one of them today.

1. BCE Inc.

BCE Inc. (TSX:BCE)(NYSE:BCE) is Canada's largest communications company. It pays a quarterly dividend of $0.6825 per share, or $2.73 per share annually, which gives its stock a yield of about 4.6% at today's levels.

It is also very important to make the following two notes.

First, BCE's 4% dividend hike in February has it on pace for fiscal 2016 to mark the eighth consecutive year in which it has raised its annual dividend payment.

Second, the company has a target dividend-payout range of 65-75% of its free cash flow, so I think its consistent growth, including its 77.8% year-over-year increase to $0.48 per share in the first quarter of fiscal 2016, will allow its streak of annual dividend increases to continue for the foreseeable future.

2. Methanex Corporation

Methanex Corporation (TSX:MX)(NASDAQ:MEOH) is the world's largest producer of methanol. It pays a quarterly dividend of US$0.275 per share, or US$1.10 per share annually, which gives its stock a yield of about 3.5% at today's levels.

It is also very important to make the following two notes.

First, Methanex's 10% dividend hike in April 2015 has it on pace for fiscal 2016 to mark the sixth consecutive year in which it has raised its annual dividend payment.

Second, I think the company’s increased amount of cash flows from operating activities, including its 89.2% year-over-year increase to US$70 million in the first quarter of fiscal 2016, and its low payout ratio, including 35.7% of its cash flows in the first quarter, will allow its streak of annual dividend increases to continue going forward.

3. Jean Coutu Group PJC Inc.

Jean Coutu Group PJC Inc. (TSX:PJC.A) is one of Canada’s largest franchisers of pharmacies, and it’s one of the country’s leading manufacturers of generic drugs. It pays a quarterly dividend of $0.12 per share, or $0.48 per share annually, which gives its stock a yield of about 2.5% at today’s levels.

It is also very important to make the following two notes.

First, Jean Coutu’s 9.1% dividend hike last month has it on pace for fiscal 2017 to mark the 10th consecutive year in which it has raised its annual dividend payment.

Second, I think the company’s ample amount of cash flows from operating activities, including the $225.7 million it generated in fiscal 2016, and its modest payout ratio, including 36.4% of its cash flows in fiscal 2016, will allow its streak of annual dividend increases to continue for the next several years.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NASDAQ:MEOH (Methanex Corporation)
2. NYSE:BCE (BCE Inc.)
3. TSX:BCE (BCE Inc.)
4. TSX:MX (Methanex Corporation)
5. TSX:TLRY (Aphria)

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Author
jsolitro