



## Build Wealth Slowly With These 3 Dividend-Growth 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 payouts over time. With this in mind, let's take a quick look at three of the best dividend-growth stocks from different industries that you could buy right now.

#### 1. Home Capital Group Inc.

**Home Capital Group Inc.** ([TSX:HCG](#)) is one of the largest non-bank lenders in Canada with over \$25 billion in loans under administration. It currently pays a quarterly dividend of \$0.24 per share, or \$0.96 per share annually, which gives its stock a yield of about 2.9% at today's levels.

It's also important to make the following two notes.

First, Home Capital Group's 9.1% dividend hike in February has it on pace for 2016 to mark the 17th consecutive year in which it has raised its annual dividend payment.

Second, the company has a medium-term target dividend-payout range of 19-26% of its net income, and it has a medium-term goal of growing its net income by 8-13% annually, so if it can deliver on this growth target, I think its streak of annual dividend increases will continue for many years to come.

#### 2. Cogeco Communications Inc.

**Cogeco Communications Inc.** ([TSX:CCA](#)) is the 11th-largest cable system operator in North America, and it's the second-largest in Ontario and Quebec. It currently pays a quarterly dividend of \$0.39 per share, or \$1.56 per share annually, which gives its stock a yield of about 2.4% at today's levels.

A 2.4% yield may not seem impressive at first, but it's important to make the following two notes.

First, Cogeco's 11.4% dividend hike in October 2015 has it on pace for fiscal 2016 to mark the 12th consecutive year in which it has raised its annual dividend payment.

Second, I think the company's consistent growth of free cash flow, including the 8.4-18.9% growth it expects to achieve in fiscal 2016, and its low payout ratio will allow its streak of annual dividend increases to continue going forward.

### 3. Gibson Energy Inc.

**Gibson Energy Inc.** ([TSX:GEI](#)) is one of the largest independent midstream energy companies in North America, providing services such as the transportation, storage, processing, and distribution of crude oil, liquids, and refined products. It currently pays a quarterly dividend of \$0.33 per share, or \$1.32 per share annually, which gives its stock a yield of about 8.2% at today's levels.

It's also important to make the following two notes.

First, Gibson's 3.1% dividend hike in March has it on pace for 2016 to mark the fifth consecutive year in which it has raised its annual dividend payment.

Second, I think the company's ample amount of distributable cash flow, including the \$181 million it generated in the first quarter of 2016, and its growing asset base, including the \$346 million worth of assets that were commissioned in 2015 and the \$400-600 million worth of assets that it expects to commission through 2017, will allow its streak of annual dividend increases to continue for the next several years.

#### CATEGORY

1. Dividend Stocks
2. Investing

#### TICKERS GLOBAL

1. TSX:CCA (COGECO CABLE INC)
2. TSX:GEI (Gibson Energy Inc.)
3. TSX:HCG (Home Capital Group)

#### Category

1. Dividend Stocks
2. Investing

#### Date

2025/08/23

#### Date Created

2016/05/18

#### Author

jsolitro

default watermark