Beat the Market With These 3 Dividend-Growth Superstars

Description

As history shows, dividend-paying stocks outperform non-dividend-paying stocks over the long term, and the top performers are those that raise their payouts every year. It's for this reason that I think all long-term investors should own at least one dividend-growth stock, and depending on your age, investment goals, and risk tolerance, maybe even a portfolio full of them.

With all of this in mind, let's take a look at three stocks with yields up to 4.1% and active streaks of annual dividend increases, so you can determine if you should buy one or more of them today.

1. Canadian National Railway Company

Canadian National Railway Company (TSX:CNR)(NYSE:CNI) is the largest rail network operator in Canada and one of the five largest in North America, and it's one of Canada's largest full-load trucking companies.

It pays a quarterly dividend of $0.375 per share, or $1.50 per share annually, which gives its stock a yield of about 1.9% at today's levels.

A 1.9% yield may not make it seem like a legitimate dividend stock at first, but it's very important to make two notes.

First, Canadian National has raised its annual dividend payment for 19 consecutive years, and its 20% hike in January has it on pace for 2016 to mark the 20th consecutive year with an increase.

Second, the company has a target dividend payout of 35% of its net earnings, so I think its consistent growth, including its 16.3% year-over-year increase to $1.00 per share in the first quarter of 2016, will allow its streak of annual dividend increases to continue for many years to come.

2. Emera Inc.

Emera Inc. (TSX:EMA) is one of North America's largest generators, transmitters, and distributors of electricity with operations across Canada, the United States, and the Caribbean.

It pays a quarterly dividend of $0.475 per share, or $1.90 per share annually, which gives its stock a yield of about 4.1% at today's levels.

It's also important to make two notes.

First, Emera has raised its annual dividend payment for nine consecutive years, and its two hikes since the start of 2015, including its 3.2% hike in February 2015 and its 18.8% hike in August 2015, have it on pace for 2016 to mark the 10th consecutive year with an increase.

Second, the company has a dividend-per-common-share growth target of 8% annually through 2019, and I think it's well positioned to extend this target or announce a new one as 2019 nears.

3. Toronto-Dominion Bank

Toronto-Dominion Bank (TSX:TD)(NYSE:TD) is the second-largest bank in Canada and one of the 10 largest in North America with approximately $1.12 trillion in total assets.

It pays a quarterly dividend of $0.55 per share, or $2.20 per share annually, which gives its stock a yield of about 3.8% at today's levels.

It's also important to make two notes.

First, Toronto-Dominion 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, the company has a target dividend-payout range of 40-50% of its adjusted net earnings, so I think its consistent growth, including its 5.3% year-over-year increase to $2.38 per share in the first half of fiscal 2016, will allow its steak of annual dividend increases to continue for the foreseeable future.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:CNR (Canadian National Railway Company)
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