



3 Top Dividend-Growth Stocks to Buy and Hold Forever

Description

Time and time again, long-term investing in high-quality dividend-growth stocks has shown itself to be a winning formula. Steadily growing dividend payments signal that the financial health of a company is sound and that it operates a mature business with a wide economic moat, making it resistant to slumps in the economic cycle.

It also gives investors access to the magic of compounding, which is a powerful long-term tool for enhancing returns.

You see, by reinvesting dividends through a dividend-reinvestment plan or DRIP, investors not only benefit from a growing dividend, but also from the increasing value of the shares themselves.

How this enhances returns becomes apparent when considering the total return of **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) over the last 10 years. Had an investor reinvested the dividends in the bank's DRIP, they would have earned a total return of 157% compared to a return of 123% had they taken the dividends as cash. A very handy and additional return of 34% was generated solely by reinvesting the dividends.

Here are three dividend-growth stocks that have solid histories of dividend increases behind them, the ability to make further hikes, and DRIPs available to investors.

Now what?

First is Canada's largest provider of midstream services to the energy patch **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)). It has an impressive dividend history, having boosted its dividend for 21 years straight to now yield a very tasty 4%.

Besides offering investors a DRIP that gives them a 2% discount on every share purchased through the program, there are signs that Enbridge will continue to grow its dividend.

The billion-dollar acquisition of **Spectra Energy Corp.** ([NYSE:SE](#)) will create North America's largest energy infrastructure company and a \$26 billion project pipeline that will support significant double-digit

earnings growth. As a result, Enbridge is well positioned to unlock further value for shareholders and grow its dividend by the 10-12% annually between now and 2024.

Next up is **Brookfield Infrastructure Partners L.P.** ([TSX:BIP.UN](#))([NYSE:BIP](#)). While it doesn't have the same enviable history as Enbridge, it has delivered outstanding return for investors. In the relatively short time that it has been publicly listed, Brookfield Infrastructure has increased its dividend for nine years straight, the latest being a very juicy 11% hike at the end of 2016.

There are signs that these regular increases will continue because of Brookfield Infrastructure's impressive earnings growth. Not only does it have a solid pipeline of projects under development, which, on completion, will boost earnings, but a significant portion of its EBITDA is linked to inflation.

Then there is the ever-expanding demand for infrastructure globally which is being amplified in developing nations by swelling populations and the marked shortfall of investment in infrastructure.

Even if the purchase of a controlling interest in Brazilian gas pipeline utility Nova Transportadora do Sudeste falls through, there will still be plenty of momentum behind Brookfield Infrastructure's earnings.

For these reasons, Brookfield Infrastructure's distribution should keep growing at a double-digit pace.

Finally, there is electric utility **Fortis Inc.** ([TSX:FTS](#))([NYSE:FTS](#)). Impressively, it has hiked its dividend for 43 years straight to now yield a tasty 3.7%, and there are clear indications that this solid rate of growth should continue. The inelastic demand for electricity, along with stable cash flows and growing earnings from higher electricity output at its U.S. operations, will sustain further dividend growth.

So what?

All three stocks have a long history of consistent dividend increases coupled with solid businesses, stable cash flows and strong earnings growth, which should see them continue to increase their dividends. This combined with the fact that they offer investors the ability to reinvest dividends by way of a DRIP makes them powerful means of enhancing returns in any portfolio.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. NYSE:ENB (Enbridge Inc.)
3. NYSE:FTS (Fortis Inc.)
4. NYSE:SE (Sea Limited)
5. NYSE:TD (The Toronto-Dominion Bank)
6. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
7. TSX:ENB (Enbridge Inc.)

8. TSX:FTS (Fortis Inc.)
9. TSX:TD (The Toronto-Dominion Bank)

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Date

2025/09/22

Date Created

2017/02/20

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