



2 Dividend Aristocrats With Over 20 Years of Dividend Growth

Description

Every portfolio should hold a few dividend-growth stocks, because dividend-growth investing is one of the most powerful and time-proven strategies to build wealth.

With this in mind, let's take a closer look at two dividend aristocrats that have raised their annual dividend payments for over 20 consecutive years, so you can decide which would be the best fit for your portfolio.

Enbridge Inc.

Enbridge Inc. ([TSX:ENB](#))([NYSE:ENB](#)) is one of North America's largest owners and operators of energy infrastructure. Its asset portfolio includes the world's longest crude oil and liquids transportation system which spans Canada and the United States, Canada's largest natural gas distribution company, oil and natural gas storage facilities, and renewable power-generation facilities.

Enbridge currently pays a quarterly dividend of \$0.583 per share, representing \$2.332 per share on an annualized basis, and this gives its stock a rich 4.2% yield today.

This is one of the safest 4.2% yields you will find, because Enbridge has the cash flow to support it. In its fiscal year ended on December 31, 2016, its available cash flow from operations (ACFFO) totaled \$4.08 per share, and its dividend payments totaled just \$2.12 per share, resulting in a conservative 52% payout ratio.

If having a high and safe yield over 4% is not enough to have you salivating over Enbridge, it's also one of the market's best dividend-growth stocks. It has raised its annual dividend payment for 21 consecutive years, and its 10% hike in January has it positioned for 2017 to mark the 22nd consecutive year with an increase.

Investors can continue to rely on Enbridge for dividend growth in the years ahead as well. It has stated that it will announce another dividend hike once it completes its acquisition of **Spectra Energy Corp.** in the next couple of months, and that this acquisition paired with growth of its existing businesses will allow it to grow its dividend by 10-12% annually through 2024, all while maintaining a payout of 50-60%

of its ACFFO.

Toromont Industries Inc.

Toromont Industries Inc. ([TSX:TIH](#)) operates through two business segments: the Equipment Group and CIMCO. The Equipment Group is one of the largest Caterpillar dealers in Ontario, Manitoba, Newfoundland, and select regions of Labrador and Nunavut, in addition to having industry-leading rental operations. CIMCO is a market leader in the design, engineering, fabrication, and installation of industrial and recreational refrigeration systems in Canada and the United States.

Toromont currently pays a quarterly dividend of \$0.19 per share, representing \$0.76 per share on an annualized basis, which gives its stock a yield of about 1.6% today.

It may not seem necessary to confirm the safety of a 1.6% yield, but I urge investors to always do so anyways, and you can do this with Toromont by checking its dividend payments as a percentage of its earnings. In its fiscal year ended on December 31, 2016, its net earnings totaled \$155.7 million (\$1.99 per share), and its dividend payments totaled just \$55.4 million (\$0.71 per share), resulting in a very conservative 35.6% payout ratio, which is in line with its target payout range of 30-40%.

Toromont's yield may not impress you, but its streak of annual dividend increases surely will. It has raised its annual dividend payment for 27 consecutive years, the third-longest active streak for a public corporation in Canada, and its 5.6% hike earlier this month has it on pace for 2017 to mark the 28th consecutive year with an increase.

As mentioned previously, Toromont has a target dividend-payout range of 30-40% of its earnings, so I think its consistently strong growth, including its 8.7% year-over-year increase to \$1.88 per share in 2015 and its 5.9% year-over-year increase to \$1.99 per share in 2016, will allow its streak of annual dividend increases to continue for decades.

Which is the better buy right now?

I think both Enbridge and Toromont Industries represent very attractive long-term investment opportunities, but if I had to choose just one to invest in today, I'd go with Enbridge, because it has a much higher yield and a defined dividend-growth program.

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1. Dividend Stocks
2. Investing

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1. Editor's Choice

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2. TSX:ENB (Enbridge Inc.)
3. TSX:TIH (Toromont Industries Ltd.)

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