



2 Stocks With Over 20 Years of Dividend Growth

Description

Investing in dividend stocks that raise their rates every year is a great way to generate sizable returns over the long term. With this in mind, let's take a look at two stocks that have raised their dividends for over 20 consecutive years, so you can determine if you should invest in one of them today.

Thomson Reuters Corp.

Thomson Reuters Corp. ([TSX:TRI](#))(NYSE:TRI) is the world's leading source of news and information for professional markets with operations in more than 100 countries. It provides its customers with the intelligence, human expertise, and innovative technology they need to make better decisions faster.

Thomson Reuters currently pays a quarterly dividend of US\$0.345 per share, representing US\$1.38 per share on an annualized basis, which gives its stock a beautiful 3.2% yield today.

It's important to always confirm the safety of a stock's dividend before making an investment, and you can do this with Thomson Reuters by checking its cash flow. In its fiscal year ended on December 31, 2016, its free cash flow totaled US\$2.02 billion, and its dividend payments totaled just US\$980 million, resulting in a 48.5% payout ratio, which is within its target range of 40-50%.

Having a high and safe yield over 3% is great, but what we really care about is dividend growth, and Thomson Reuters has an impressive track record. It has raised its annual dividend payment for 23 consecutive years, and the 1.5% hike it announced last month has it positioned for 2017 to mark the 24th consecutive year with an increase.

I think investors can continue to rely on Thomson Reuters for dividend growth into the late 2020s at the very least, making it my favourite dividend stock in the tech sector today.

Metro, Inc.

Metro, Inc. ([TSX:MRU](#)) is one of the leading retailers and distributors of food in Canada. It owns and operates a network of supermarkets, discount stores, and drugstores under numerous banners, including Metro, Super C, Food Basics, Servi Express, Brunet, and Clini Plus.

Metro currently pays a quarterly dividend of \$0.1625 per share, representing \$0.65 per share on an annualized basis, and this gives its stock a yield of about 1.6% today.

It may not seem completely necessary to confirm the safety of a yield under 2%, but I think investors should always do so anyways, and you can do this with Metro by calculating its dividend payments as a percentage of its net earnings from the preceding fiscal year. For this calculation, we will use its statistics from fiscal 2016. Its dividend payments totaled \$127.1 million (\$0.5367 per share) in fiscal 2016, and its adjusted net earnings totaled \$523.6 million (\$2.03 per share) in fiscal 2015, resulting in a 24.3% payout ratio, which is very close to its payout target of 25% of its net earnings from the preceding fiscal year.

You still may not be impressed by Metro, so let's get down to what really matters: dividend growth. It has raised its annual dividend payment for 22 consecutive years, and the 16.1% hike it announced in January has it on pace for 2017 to mark the 23rd consecutive year with an increase.

I think Metro's streak of annual dividend increases could easily continue for another decade, which makes it one of my favourite dividend-growth plays in the highly competitive food-retailing industry today.

Which is the better buy right now?

I think Thomson Reuters and Metro both represent phenomenal long-term dividend-growth opportunities, but if I had to choose just one to invest in today, I'd go with Thomson Reuters simply because it has a much higher yield.

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2. Investing

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2. TSX:MRU (Metro Inc.)
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Date

2025/08/22

Date Created

2017/03/17

Author

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