

2 Dividend-Growth Superstars I'd Buy Today

Description

One of the most successful investment strategies is to buy and hold stocks with track records of dividend growth. This is because a rising dividend is a sign of a very strong business with excellent cash flows and earnings to support increased payouts, and the dividends themselves really add up over time when reinvested.

With this in mind, let's take a look at two excellent dividend-growth stocks that you could add to your portfolio today.

Telus Corporation

Telus Corporation ([TSX:T](#))([NYSE:TU](#)) is the third-largest and fastest-growing telecommunications company in Canada. It provides a wide range of communications products and services, including wireless, data, internet protocol, voice, television, entertainment, and video to approximately 12.67 million customers across the country.

Telus currently pays a quarterly dividend of \$0.48 per share, representing \$1.92 per share on an annualized basis, and this gives its stock a yield of approximately 4.45% today.

A 4.45% yield is fantastic, but what we care about most is dividend growth, and Telus has an extensive track record of delivering on that. It has raised its annual dividend payment for 13 consecutive years, and its two hikes in the last 12 months, including its 4.3% hike in November, have it on pace for 2017 to mark the 14th consecutive year with an increase.

Foolish investors can count on Telus for further dividend growth in the years ahead as well, because it has a dividend-growth program in place to do just that. Its program calls for annual dividend growth of 7-10% through 2019 by announcing hikes in May and November of each year, and I think its strong operational performance could allow it to extend this target into the 2020s.

ATCO Ltd.

ATCO Ltd. ([TSX:ACO.X](#)) is a diversified global corporation that provides services and innovative business solutions to the structures and logistics, electricity, pipelines and liquids, and retail energy industries, and its principal subsidiaries include **Canadian Utilities Limited**.

ATCO currently pays a quarterly dividend of \$0.3275 per share, representing \$1.31 per share on an annualized basis, which gives its stock a yield of about 2.5% at today's levels.

ATCO may have a much lower yield than Telus, but its track record of dividend growth is more impressive. It has raised its annual dividend payment for 23 consecutive years, including a compound annual growth rate of approximately 13% from 1993 to 2011 and approximately 15% in the years since, and its 14.9% hike in January has it on pace for 2017 to mark the 24th consecutive year with an increase.

I think investors can continue to rely on ATCO for dividend growth going forward as well. I think its very strong financial performance, including its 22.9% year-over-year increase in adjusted earnings to \$360 million in 2016, and its ongoing investment activity that will help fuel future growth, including the \$5 billion worth of investments that it will make in secured growth projects from 2017 to 2019, will allow its streak of annual dividend increases to continue for decades.

Which would fit best in your portfolio?

Telus and ATCO are two of the market's best investment opportunities for dividend growth, so take a closer look at each and strongly consider making at least one of them a core holding today.

CATEGORY

1. Dividend Stocks
2. Investing

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2. TSX:ACO.X (ATCO Ltd.)
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