2 Dividend-Growth Aristocrats I'd Buy Right Now

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 look at two with yields of 3-5% that you could buy right now.

BCE Inc.

BCE Inc. (TSX:BCE)(NYSE:BCE) is Canada's largest communications company, providing a comprehensive and innovative suite of broadband communications and content services to approximately 20.95 million consumer, residential, business, and government customers across the country.

It currently pays a quarterly dividend of $0.7175 per share, representing $2.87 per share on an annualized basis, giving its stock a yield of about 4.9% today.

A 4.9% yield for one of the country's most well-known and trusted brands may earn BCE a spot on your buy list already, but investors should also make the following two notes.

First, it has raised its annual dividend payment for eight consecutive years, including annual increases of at least 5% in that span, and its 5.1% hike in February has it positioned for 2017 to mark the ninth consecutive year with an increase.

Second, BCE has a target dividend-payout range of 65-75% of its free cash flow, so I think its continued growth, including its 7.6% year-over-year increase to $3.23 billion in 2016, its acquisition of Manitoba Telecom Services, which closed on March 17 and is expected to immediately be accretive to its free cash flow, and the ongoing improvement of its payout ratio, including 71.5% in 2016 compared with 72.3% in 2015, will allow its streak of annual dividend increases to continue into the late 2020s at the very least.

Canadian Utilities Limited

Canadian Utilities Limited (TSX:CU), a subsidiary of **ATCO Ltd.**, is a diversified global corporation that provides services and solutions to the following industries:

- Structures and logistics: workforce housing, innovative modular facilities, construction, site support services, and logistics and operations management
- Electricity: electricity generation, transmission, and distribution
- Pipelines and liquids: natural gas transmission, distribution, and infrastructure development, energy storage, and industrial water solutions
- Retail energy: electricity and natural gas sales

Canadian Utilities currently pays a quarterly dividend of $0.3575 per share, representing $1.43 per share on an annualized basis, and this gives its stock a yield of approximately 3.7% today.

Canadian Utilities may have a lower yield than BCE, but it has the longest active streak of annual dividend increases of any Canadian publicly traded company. It has raised its annual dividend payment for 44 consecutive years, including a compound annual growth rate of about 7% from 1972 to 2010 and about 10% in the years since, and its 10% hike in January has it on pace for 2017 to mark the 45th consecutive year with an increase.

I think Canadian Utilities's record streak of dividend increases will continue going forward as well. I think its very strong financial performance, including its 22.2% year-over-year increase in adjusted earnings to a record $590 million in 2016, and its ongoing investment activity that will fuel future growth, including the $1.4 billion of capital growth projects it invested in in 2016 and the $5 billion of investments in secured capital growth projects that it has planned for 2017-2019, will allow its streak of annual dividend increases to continue for the foreseeable future.

Which dividend-growth superstar belongs in your portfolio?

BCE and Canadian Utilities are two of your best investment options for dividend growth, so take a closer look at each and strongly consider initiating a position in at least one of them today.

CATEGORY

1. Dividend Stocks
2. Investing

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1. NYSE:BCE (BCE Inc.)
2. TSX:BCE (BCE Inc.)
3. TSX:CU (Canadian Utilities Limited)

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