



## 2 Excellent Dividend-Growth Stocks I'd Buy Today

### Description

Investing in high-yielding dividend-growth stocks is a great way to generate sizable returns over the long term. With this in mind, let's take a look at two that you could buy right now.

#### Bank of Nova Scotia

**Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) is Canada's third-largest bank as measured by assets with approximately \$886.99 billion in total as of January 31. It offers a broad range of financial products and services to 23 million clients in Canada, the United States, and around the world.

Bank of Nova Scotia currently pays a quarterly dividend of \$0.76 per share, representing \$3.04 per share on an annualized basis, which gives it a yield of about 3.9% at today's levels.

A 3.9% yield for one of the country's most well-known and trusted financial institutions is very good, but the fact that it also offers dividend growth makes it great. It has raised its annual dividend payment each of the last six years, and its two hikes in the last 10 months, including its 2.8% hike in August 2016 and its 2.7% hike in February of this year, have it on pace for 2017 to mark the seventh consecutive year with an increase.

I think Bank of Nova Scotia will be a reliable dividend grower for many years to come too. It has a target dividend-payout range of 40-50% of its net income attributable to common shareholders, so I think its continued growth, including its 1.3% year-over-year increase to \$6.99 billion in fiscal 2016 and its 10.3% year-over-year increase to \$1.91 billion in the first quarter of fiscal 2017, will allow its streak of annual dividend increases to continue for another seven years at least.

#### Transcontinental Inc.

**Transcontinental Inc.** ([TSX:TCL.A](#)) is Canada's largest printer with operations in print, flexible packaging, publishing, and digital media. It states that its products and services "allow businesses to attract, reach, and retain their target customers."

It currently pays a quarterly dividend of \$0.20 per share, representing \$0.80 per share on an

annualized basis, and this gives its stock a yield of about 3.3% today.

Transcontinental may have a slightly lower yield than Bank of Nova Scotia, but its streak of annual dividend increases is more than twice as long. It has raised its annual dividend payment for 15 consecutive years, and its two hikes in the last five quarters, including its 8.8% hike in March 2016 and its 8.1% hike in March of this year, have it on pace for fiscal 2017 to mark the 16th consecutive year with an increase.

I think Transcontinental's impressive streak of annual dividend increases will continue in the years ahead as well. I think its strong growth of operating cash flow (OCF), including its 136.2% year-over-year increase to \$81 million in the first quarter of fiscal 2017, its very conservative dividend-payout ratio, including a mere 17.7% of its OCF in the first quarter, and its ongoing acquisition activity which will help fuel future growth, including its acquisition of Robbie Manufacturing and Flexstar Packaging in the last 12 months, will allow its streak of annual dividend increases to continue for another five years at least.

### **Which of these dividend stars should you buy today?**

Bank of Nova Scotia and Transcontinental would make great additions to any Foolish portfolio, 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

### **POST TAG**

1. Editor's Choice

### **TICKERS GLOBAL**

1. NYSE:BNS (The Bank of Nova Scotia)
2. TSX:BNS (Bank Of Nova Scotia)
3. TSX:TCL.A (Transcontinental Inc.)

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