



2 Top Stock Picks for Dividend-Growth Investors

Description

If you're in search of a high-quality stock that will not only pay you a dividend but also increase it every year, then you've come to the right place. Let's take a closer look at two top dividend-growth stocks that you could buy right now.

Toronto-Dominion Bank

Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#)) is Canada's largest bank as measured by assets with approximately \$1.19 trillion in total as of January 31. It offers a broad range of financial products and services to about 25 million customers in Canada, the United States, and around the world.

TD currently pays a quarterly dividend of \$0.60 per share, equal to \$2.40 per share on an annualized basis, which gives it a yield of about 3.6% today.

A 3.6% yield for one of the world's most recognizable financial brands is very good, and the fact that it's also a dividend-growth stock makes it great. It has raised its annual dividend payment for six consecutive years, and its two hikes since the start of 2016, including its 7.8% hike in February 2016 and its 9.1% hike last month, have it positioned for 2017 to mark the seventh consecutive year with an increase.

It's also important to note that TD has a target dividend-payout range of 40-50% of its adjusted net income available to common shareholders, so I think its consistently strong growth, including its 5.8% year-over-year increase to \$9.04 billion in fiscal 2016 and its 13.1% year-over-year increase to \$2.48 billion in the first quarter of fiscal 2017, and the ongoing improvement of its payout ratio, including 41.2% in the first quarter of fiscal 2017 compared with 44.3% in fiscal 2016, will allow its streak of annual dividend increases to continue for another seven years at least.

Cogeco Communications Inc.

Cogeco Communications Inc. ([TSX:CCA](#)) is the parent company of Cogeco Connexion, Atlantic Broadband, and Cogeco Peer 1. Cogeco Connexion is the second-largest cable operator in Ontario and Quebec, Atlantic Broadband is the 12th-largest cable operator in the United States, and Cogeco

Peer 1 is a leading provider of information and communication technology solutions to businesses in Canada, the United States, and across Europe.

Cogeco currently pays a quarterly dividend of \$0.43 per share, equal to \$1.72 per share on an annualized basis, and this gives it a yield of approximately 2.3% today.

Cogeco may not have a very high yield, but it more than makes up for it in terms of dividend growth. It has raised its annual dividend payment for 12 consecutive fiscal years, including a compound annual growth rate of about 17% since 2010, and its 10.3% hike in November has it on pace for fiscal 2017 to mark the 13th consecutive year with an increase.

I think Cogeco will continue to deliver dividend growth beyond 2017 too. I think its very strong growth of free cash flow (FCF), including its 90.1% year-over-year increase to \$218.17 million in the first six months of fiscal 2017 and its projected 23-34% year-over-year increase for the full year of fiscal 2017, and its very conservative dividend-payout ratio, including a mere 19.4% of its FCF in the first six months of 2017, will allow its streak of annual dividend increases to easily continue into the 2020s.

Which of these dividend-growth studs should you buy today?

TD Bank and Cogeco Communications would make great additions to any Foolish portfolio, so take a closer look and consider adding one to yours today.

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1. Dividend Stocks
2. Investing

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1. Editor's Choice

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1. NYSE:TD (The Toronto-Dominion Bank)
2. TSX:CCA (COGECO CABLE INC)
3. TSX:TD (The Toronto-Dominion Bank)

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