
# 2 Dividend-Growth Aristocrats I'd Buy Today

## Description

As history has shown, dividend-paying stocks outperform non-dividend-paying stocks over the long term, and the top wealth creators are those that raise their dividends every year. It's for this reason that every long-term investor should own at least one dividend-growth stock, so let's take a closer look at two aristocrats that you could buy right now.



**Royal Bank of Canada**

**Royal Bank of Canada** (TSX:RY)(NYSE:RY), or RBC for short, is Canada's second-largest bank in terms of total assets with about $1.2 trillion as of April 30. It provides a wide range of financial products and services to over 16 million clients in Canada, the U.S., and in 35 other countries around the globe.

RBC currently pays a quarterly dividend of $0.87 per share, equal to $3.48 per share on an annualized basis, and this gives it a yield of about 3.7% today.

As mentioned before, RBC is a dividend-growth aristocrat. It has raised its annual dividend payment for six consecutive years, and its two hikes in the last 12 months, including its 2.5% hike in August and its 4.8% hike in February, have it positioned for 2017 to mark the seventh consecutive year with an increase.

I think RBC is a safe pick for high yield and dividend growth in the years ahead. It has a target dividend-payout range of 40-50% of its net income available to common shareholders, so I think its consistently strong growth, including its 16.7% year-over-year increase to $5.66 billion in the first six months of fiscal 2017, its vastly improved payout ratio, including 44.2% in the first six months of fiscal 2017 compared with 49.1% in the year-ago period, and its growing asset base which will help drive future net income growth, including its 4.6% year-over-year increase to $1.2 trillion in the first six months of 2017, will allow its streak of annual dividend increases to continue for the foreseeable future.

**Canadian Natural Resources Limited**

**Canadian Natural Resources Limited** (TSX:CNQ)(NYSE:CNQ) is one of the world's largest independent crude oil and natural gas producers with operations in western Canada, the U.K. portion of the North Sea, and Offshore Africa.

Canadian Natural currently pays a quarterly dividend of $0.275 per share, equal to $1.10 per share on an annualized basis, which gives its stock a yield of about 2.8% today.

Canadian Natural may have a lower yield than RBC, but its streak of annual dividend increases is more than twice as long. It has raised its annual dividend payment for 16 consecutive years, and the 10% hike it announced in March has it on pace for 2017 to mark the 17th consecutive year with an increase.

I think Canadian Natural can continue to grow its dividend in 2018 and beyond as well. I think its strong growth of funds flow from operations (FFO), despite the lower commodity price environment, including its 143.3% year-over-year increase to $1.46 per diluted share in the first quarter of 2017, and its ongoing production growth that will help fuel future FFO growth, including its 3.8% year-over-year increase to 876,907 barrels of oil equivalent per day (BOE/d) in the first quarter, will allow its streak of annual dividend increases to easily continue into the 2020s.

**Which of these dividend-growth stars belongs in your portfolio?**

I think RBC and Canadian Natural represent fantastic long-term investment opportunities, so take a closer look at each and strongly consider making at least one of them a core holding today.



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2. Investing

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