

2 Top Stocks With Over 20 Years of Dividend Growth

Description

Investing in dividend-growth stocks is one of the most powerful and time-proven strategies to build wealth. This means that investors should favour stocks with modest yields that have the ability to grow their dividends over time over ones with high yields that have little to no growth potential. With this in mind, let's take a look at two dividend-growth stars that have raised their annual payments for over 20 consecutive years, so you can determine which would fit best in your portfolio.

Imperial Oil Limited

Imperial Oil Limited ([TSX:IMO](#))([NYSE:IMO](#)) is Canada's largest petroleum refiner, a major producer of crude oil and natural gas, a leading petrochemical producer, and a leading marketer of fuels. Overall, it's one of the world's largest integrated oil and gas companies.

Imperial Oil currently pays a quarterly dividend of \$0.16 per share, representing \$0.64 per share annually, and this gives it a 1.8% yield today.

A 1.8% yield is far from high, so you must also make the following two notes.

First, Imperial Oil has raised its annual dividend payment for 22 consecutive years, and its recent hikes, including its 6.7% hike in April, have it positioned for 2017 to mark the 23rd consecutive year with an increase.

Second, I think the company's very strong financial performance, despite the low commodity price environment, including its 37% year-over-year increase in total revenue and other income to \$7.16 billion, its 622.4% year-over-year increase in operating cash flow to \$354 million, and its \$434 million year-over-year increase in net income to a \$333 million (compared with a net loss of \$101 million a year ago) in the first quarter of fiscal 2017, will allow its streak of annual dividend increases to easily continue into the 2020s.

Toromont Industries Inc.

Toromont Industries Inc. ([TSX:TIH](#)) is a diversified growth company that operates through two business segments: the Equipment Group and CIMCO. The Equipment Group is one of Canada's largest Caterpillar dealers, and it has industry-leading rental operations. CIMCO is a leader in the design, engineering, fabrication, and installation of industrial and recreational refrigeration systems in Canada and the U.S.

Toromont Industries currently pays a quarterly dividend of \$0.19 per share, representing \$0.76 per share annually, which gives it a 1.6% yield today.

Like Imperial Oil, Toromont Industries has a low yield, so you must also make the following two notes.

First, Toromont Industries has raised its annual dividend payment for 27 consecutive years, and its

5.6% hike in February has it on pace for 2017 to mark the 28th straight year with an increase.

Second, the company has a target dividend-payout range of 30-40% of its net earnings, so I think its consistently strong growth, including its 6.9% year-over-year increase to \$155.75 million in 2016 and its 11.8% year-over-year increase to \$27.02 million in the first quarter of 2017, will allow its streak of annual dividend increases to continue for the foreseeable future.

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

Imperial Oil and Toromont Industries are two of the best dividend-growth stocks in their respective industries, and I think they represent very attractive long-term investment opportunities. Foolish investors should take a closer look at each and strongly consider making one of them a core holding today.

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1. Dividend Stocks
2. Investing

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1. NYSEMKT:IMO (Imperial Oil Limited)
2. TSX:IMO (Imperial Oil Limited)
3. TSX:TIH (Toromont Industries Ltd.)

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