

2 Stealthy Dividend-Growth Stocks to Consider Today

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.

Let's take a closer look at two stealthy dividend-growth stocks that you could buy today.

MTY Food Group Inc.

MTY Food Group Inc. ([TSX:MTY](#)) is one of North America's largest franchisors of restaurants, and its family of brands includes Big Smoke Burger, Café Depot, Mr. Sub, SushiGo, TCBY Frozen Yogurt, TacoTime, and Extreme Pita.

As of May 31, MTY had a network of 5,494 locations in operation, 5,428 of which are franchised and 66 of which are company-owned, with 48% being in the United States, 43% in Canada, and 9% abroad.

MTY currently pays a quarterly dividend of \$0.115 per share, equal to \$0.46 per share on an annualized basis, which gives it a 1% yield today.

A 1% yield is far from high, so it's very important for investors to make the following two notes about MTY's dividend.

First, the company has raised its annual dividend payment each of the last six years.

Second, I think MTY's very strong financial performance, including its 12.9% year-over-year increase in normalized earnings per share to \$0.96 in the first half of fiscal 2017, and its ongoing acquisition activity that will drive future growth, including its pending acquisition of Dagwoods Sandwiches and Salads, which has 23 restaurants in operation in Canada, will allow its streak of annual dividend increases to continue in 2017 and beyond.

Alimentation Couche Tard Inc.

Alimentation Couche Tard Inc. (TSX:ATD.B), or Couche Tard for short, is one of world's largest owners, operators, and franchisors of convenience stores and gas stations.

It currently has a network of over 15,000 stores across North America, South America, Europe, Asia, and Africa under many banners, including Circle K, Couche-Tard, Mac's, Kangaroo Express, Topaz, and INGO.

Couche Tard currently pays a quarterly dividend of \$0.09 per share, equal to \$0.36 per share annually, which gives it a 0.6% yield today.

Like MTY Food Group, Couche Tard has a very low yield, so it's important for investors to make the

following two notes.

First, Couche Tard has raised its annual dividend payment for eight consecutive fiscal years, and its two hikes in the last 13 months, including its 14.8% hike in July 2016 and its 16.1% hike in November 2016, have it positioned for fiscal 2018 to mark the ninth consecutive year with an increase.

Second, I think Couche Tard's consistently strong financial performance, including its 6.2% year-over-year increase in net earnings to an adjusted \$2.21 per share in fiscal 2017, and its ongoing expansion efforts that will fuel future growth, including its addition of more than 2,000 stores through new openings and acquisitions since April 2016, will allow its streak of annual dividend increases to continue for the foreseeable future.

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

I think MTY Food Group and Alimentation Couche Tard would make great additions to any Foolish portfolio, so take a closer look at each and consider adding one of them to yours today.

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