# 2 Great Stocks to Buy for 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 stocks that you could buy right now.



**Dollarama Inc.**

**Dollarama Inc.** (TSX:DOL) is Canada's largest owner and operator of dollar stores with 1,108 locations across all 10 provinces as of April 30, 2017.

It currently pays a quarterly dividend of $0.11 per share, equal to $0.44 per share on an annualized basis, which gives it a 0.4% yield today.

Dollarama has a very low yield, but what it lacks in yield, it makes up for in growth. With this being said, investors must make the following two notes:

First, the company has raised its annual dividend payment for five consecutive years, and its 10% hike in March has it positioned for fiscal 2018 to mark the sixth consecutive year with an increase.

Second, I think Dollarama's very strong financial performance, including its 10% increase in sales to $704.9 million and its 20.6% year-over-year increase in net earnings to $0.82 per diluted share in the first quarter of 2018, and its ongoing expansion efforts that will fuel future growth, including its addition of 13 net new stores in the first quarter of 2018 and its target of opening another 592 stores over the next eight to 10 years, will allow its streak of annual dividend increases to easily continue into the late 2020s.

**Cogeco Communications Inc.**

**Cogeco Communications Inc.** (TSX:CCA) is the eighth-largest cable operator in North America, operating as Cogeco Connexion in Canada and Atlantic Broadband in the United States. It also owns Cogeco Peer 1, which is a leading provider of information and communication technology solutions to businesses in Canada, the United States, and across Europe.

Cogeco pays a quarterly dividend of $0.43 per share, equal to $1.72 per share annually, which gives it a 2% yield today.

Like Dollarama, Cogeco has a low yield, so it's important for investors to make the following two notes:

First, Cogeco has raised its annual dividend payment for 12 consecutive fiscal years, and its 10.3% hike in November 2016 has it positioned for fiscal 2017 to mark the 13th consecutive year with an increase.

Second, I think the company's very strong growth of free cash flow, including its 61.9% year-over-year increase to $322.9 million in the first nine months of fiscal 2017, and its subsidiary's US$1.4 billion acquisition of Harron Communications, which is expected to close in January 2018 and put it in a position to grow its customer base, revenue, and profits, will allow its streak annual dividend increases to continue for the foreseeable future.

**Which of these stocks should you buy today?**

I think Dollarama and Cogeco Communications represent very attractive long-term investment opportunities, so take a closer look at each and consider initiating a position in one of them today.



**CATEGORY**

1. Dividend Stocks
2. Investing

**TICKERS GLOBAL**

1. TSX:CCA (COGECO CABLE INC)
2. TSX:DOL (Dollarama Inc.)

**PARTNER-FEEDS**

1. Msn
2. Newscred
3. Sharewise
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