These Stocks Have Grown Their Dividends by More Than 10% Annually!

Description

With so many different approaches to choose from, investors have a wide variety of options when deciding how they want to make money. The high-risk/high-reward scenario, although exciting, is not one which necessarily works out the majority of times. The lower-risk/lower-reward approach, however, tends to have a higher rate of success, albeit on a smaller scale. For investors seeking securities that have a relatively high probability of success over the long term, there are three names that rise to the top of the list.

Although each of these companies has increased their dividends by more than 10% per year over the past three fiscal years, there remains a very high amount of upside in each name.

The most defensive of the group is **Jean Coutu Group PJC Inc.** (TSX:PJC.A), which is a pharmacy chain operating mainly in Quebec. Although there have been some recent changes regarding the reimbursement of prescription medications which have negatively impacted the company, the share price has already priced this in. Currently trading at a price slightly above $21, shares offer investors a dividend yield of slightly less than 2.5%.

The company, which did not pay a dividend in fiscal 2013, initiated payments to shareholders in 2014 with an annual amount of $0.20 per share. The dividend has since increased to a quarterly amount of $0.13. Since fiscal 2014, the compounded annual growth rate (CAGR) of the dividend is over 35%, assuming the company continues to pay the same quarterly dividend for the rest of the year.

The next company to increase the dividend substantially over the past few years is financial company **Equitable Group Inc.** (TSX:EQB). The company, which serves customers through the EQ Bank name, is an institution little known by the average Canadian, yet it has an excellent online presence and very competitive savings and lending rates. Currently priced near the $55 mark, shares offer investors a dividend yield of more than 1.5%. To make this investment more interesting, the tangible book value per share is no less than $64 per share.

The dividend has increased at a CAGR of 12.2% from fiscal 2013 to fiscal 2016 with another increase coming in the current fiscal quarter.

Last up is the very well known railroad **Canadian National Railway Company** (TSX:CNR)(NYSE:CNI), which has not only returned money to shareholders by paying dividends, but has also engaged in a share-buyback program. Currently trading near $100 per share, the company offers investors a dividend yield of more than 1.5%, which has grown at a rate greater than 20% since fiscal 2013. Given the ongoing share-buyback program, investors may just be rewarded in more ways than one.

Which should you buy?

Given that each investor has different reasons for investing, each of these three securities will offer different advantages. For the very low risk investor, shares of the pharmacy may be the best fit, whereas an investor wanting a higher amount of capital appreciation may prefer the railroad stock. For those banking on increasing rates, shares of Equitable Group may just be the play.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

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2. TSX:CNR (Canadian National Railway Company)
3. TSX:EQB (EQB)
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