

3 Dividend-Growth Stocks Poised to Hike Their Payouts

Description

Dividend-growth stocks are your best friends.

You can count on them no matter which direction the market is going. But the trick here is to find companies that have reliable track records of rewarding their investors through dividend payouts.

The best dividend payers not only generate regular income for their shareholders, but they also grow income over time.

Some companies are very transparent about their dividend policies, and it's possible to know when the company will raise its dividend. Here, I've selected three top dividend companies that have plans to grow their payouts in the coming months.

TransCanada Corporation ([TSX:TRP](#))([NYSE:TRP](#)) has increased its dividend payout 17 consecutive years — a track record that's tough to match.

A leader in North American energy infrastructure, TransCanada operates natural gas and liquids pipelines and power generation and gas storage facilities.

The company has informed its investors in advance that they should expect an annual dividend-growth rate of 8-10% through 2020 as the company advances a \$24 billion near-term capital program that is expected to generate significant growth in earnings and cash flow.

With an annual dividend yield of 4%, TransCanada stock has also provided a massive capital gains, climbing ~50% over the past two years.

Enbridge Inc. ([TSX:ENB](#))([NYSE:ENB](#)) is a top dividend-growth stock. The company generates a lot of cash by serving millions of customers in Canada and the U.S. It also runs the largest oil and gas pipeline network in North America, making hefty margins to transport energy products.

Offering 4.95% annual dividend yield based on its today's price, Enbridge has over 20 years of history of increasing dividends. The company plans to continue with this practice, targeting 10-12% annualized growth in dividends through 2024.

Canadian banks have very consistent approach when it comes to paying dividends. Having one or two Canadian banks in your dividend-growth portfolio is a great strategy for income investors.

The reason Canadian banks are so consistent in providing dividends is that they operate in a highly regulated and profitable environment, where it's tough for new entrants to enter the market and challenge their dominance.

Bank of Nova Scotia ([TSX:BNS](#))([NYSE:BNS](#)) is my favourite pick in this segment because of its long history of dividend growth.

With its third-quarter earnings announcement last month, the lender hiked its quarterly dividend by 7% to \$0.79 per share. That's about 27% jump in the quarterly payout in the past four years.

With a 4.16% annualized dividend, Bank of Nova Scotia is well positioned to reward its investors with higher dividends in the coming years.

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