

TFSA Investors: Boost Your Income With These 3 High-Growth Dividend Stocks

Description

TFSA accounts are very popular for investors because the accounts allow you to earn tax-free income on dividends or capital appreciation on eligible investments. This makes growing dividend stocks very powerful, because the longer you hold these stocks, the more of a yield you will earn over time, assuming, of course, the company continues to increase its payouts.

In the list below, I have selected three growing dividend stocks that could be great additions to your portfolio today.

Suncor Energy Inc. ([TSX:SU](#))([NYSE:SU](#)) currently pays its shareholders a dividend of 3% per year, with quarterly distributions. The company's current quarterly payment of \$0.32 has increased from last year's \$0.29 payout for an increase of over 10%. In five years, the dividend has grown by 146% from the \$0.13 per quarter that Suncor was paying in 2012, which computes to a compounded annual growth rate (CAGR) of 20%.

However, with the downturn in oil and gas, the energy giant's hikes have slowed down, and a 20% annual increase going forward is not realistic without more of a recovery in the industry. Although the growth rate has declined, even a 10% increase every year would mean that in a little over seven years, the dividend would double.

There is hope that the company may be able to sustain more growth, as in its last quarter Suncor showed a year-over-year increase in sales of 22%, and the company was also profitable for the fourth consecutive quarter. If Suncor can continue these trends, then investors may see dividend-growth rates return to previous highs.

ATCO Ltd. ([TSX:ACO.X](#)) also has exposure to oil and gas, but the company has diversified operations in many parts of the world, and this includes operating as a utility provider. The company has largely rebounded from the collapsing oil and gas industry; a few months ago, the stock reached highs over \$50, which previously were not seen since 2014, when the company reached \$54 per share.

ATCO's dividend is slightly lower than Suncor's with a yield of just under 2.9%. Despite the downturn in oil and gas, the company has not skipped a beat as it has increased its payouts in each of the past five years. The company's most recent hike was 15%, and in five years the dividend has doubled.

ZCL Composites Inc. ([TSX:ZCL](#)) is a manufacturer and distributor of liquid storage systems, and its current yield of 3.65% is the highest on this list. The company has seen stability in its top line, while operating income has grown over 37% in just three years. The profit growth has benefited investors; in the past two years, the company has issued a special cash dividend in addition to the regular quarterly payouts that investors have come to expect.

ZCL's quarterly dividend grew by 50% last year, with payments of \$0.08 increasing to the current payment of \$0.12 every quarter. Since 2012, the company's payouts have seen an eight-fold increase, rising from a quarterly payment of just \$0.015. With an earnings per share of \$0.61 in the last 12

months, ZCL is currently paying out 79% of its earnings, which means there could still be room to grow payouts if the company can continue to add to its bottom line.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

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1. NYSE:SU (Suncor Energy Inc.)
2. TSX:ACO.X (ATCO Ltd.)
3. TSX:SU (Suncor Energy Inc.)

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