TFSA Investors: 3 Growing Dividend Stocks That Are on Sale!

Description

Dividend yields are inversely related with a company's stock price, and so when a dividend stock drops in price, its yield becomes more attractive to investors. If you buy a dividend stock on a dip, then you lock in that higher yield rate, assuming, of course, that it stays intact and isn't cut. I've put together a list of three dividend stocks that have gone on a dip the past month and that have grown their payouts over the past few years.

Pattern Energy Group Inc. (TSX:PEGI)(NASDAQ:PEGI) is a renewable energy company with a portfolio that includes 20 facilities in Canada, the U.S., and Chile. The stock currently yields an annual dividend of 5.4%, paid quarterly. The dividend is paid in U.S. dollars, so you could see some variation in payments as a result of fluctuations in the exchange rate. With a current quarterly payment of US$0.42, the dividend has grown 28% in just three years for a compounded annual growth rate (CAGR) of 8.6%. If Pattern Energy were to maintain that level of dividend growth, then it would take less than nine years for the payment to double.

Pattern Energy's stock has dropped nearly 3% of its value in the past month, and it could be a great opportunity to buy this dividend stock before it rises again. The company has seen its revenue grow for four straight years, and in its last quarter it saw year-over-year growth 16%. As renewable energy gains more market share, Pattern Energy could see even more growth in the coming years.

Aecon Group Inc. (TSX:ARE) is involved in construction and infrastructure and pays its shareholders a quarterly dividend that yields 3% per year. In three years, the company's dividend has grown 39% for a CAGR of 11.6%. Despite a modest yield of just 3%, investors that buy and hold the stock could see their payouts double in a little over six years.

As demand for construction increases as parts of North America rebuild from hurricane damage,Aecon could see its top line benefit. The company has provided investors with long-term stability, asrevenues have increased for the past two years, and Aecon has managed to post a profit in each ofthe last 10 years. In the past month, its share price dropped nearly 6%. The up-and-down stock couldprovide investors with an opportunity to not only catch a rising yield, but to also profit from the potentialcapital appreciation if the share price recovers again.

Parkland Fuel Corp. (TSX:PKI) is a fuel company that operates many brands in Canada and the U.S., including Fas Gas Plus and Bluewave Energy. In the last month, the company has seen its share price drop 6%, and the stock now pays its shareholders an annual yield of 4.5%, broken out in monthly payments. Current payments of $0.962 every month have increased 9% from three years ago, when monthly distributions were $0.0883. With a CAGR of less than 3%, this yield won't double for decades, unless the company ramps up its dividend increases. However, yields over 4% are not common, and even more rare are high yields that also have shown a high rate of increase.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
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2. TSX:PKI (Parkland Fuel Corporation)

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