These 4 Dividend-Growth Stocks Have the Potential to Make You Incredibly Wealthy

Description

Many dividend investors in the market today are in search of yield. Often, that's because they happen to be retirees living off a passive income, or perhaps they favour the certainty of dividends over capital gains, which have the tendency to come and go.

The good news is that bias of searching for yield at all costs creates opportunity for those investors who don't require a large dividend today.

These investors will find opportunities in stocks that have favourable long-term outlooks but offer relatively low yields today, meaning the company is retaining a greater percentage of earnings to reinvest them for its long-term future.

These four companies retain more than half of current earnings and offer very promising futures.

AutoCanada Inc. (TSX:ACQ)

AutoCanada is Canada's largest, and only publicly listed, multi-location automobile dealership group, currently operating 57 dealerships across the country.

In 2014, Warren Buffett's holding company, **Berkshire Hathaway Inc.**, acquired Van Tuyl Group, which, at the time, was the largest privately held car dealership chain in the U.S.

Buffett's good friend, Bill Gates, also owns a 15% stake in **AutoNation, Inc.** another large U.S. automotive dealer.

That these two billionaire entrepreneurs own such large stakes in auto dealerships suggests that the long-term outlook for this industry is on firm ground with potential for AutoCanada to become a takeover target should the industry embark on a period of consolidation, as many are suggesting.

Maxar Technologies Ltd. (TSX:MAXR)

Maxar Technologies Ltd., formerly Macdonald Dettwiler & Associates, is a satellite and information communications technology company. While there are currently concerns about the company's communications satellite business, Maxar currently has an opportunity in front of it which could more than make up for any expected losses.

Last year, the company acquired DigitalGlobe Inc., which was a big step in the company's push into the market for U.S. Defence contracts.

The market for U.S. Defence contracts is among the biggest in the world, and if the company is successful in its efforts, this could mark the beginning of a new era for this technology company.

Cineplex Inc. (TSX:CGX)

Cineplex shares sold off sharply this summer on disappointing box office results. In August, Cineplex shares fell from $50 to $35 in less than a month, losing 30% of their value.

Yet the rationale for the sell-off doesn't appear to hold much weight.

In some years, movie box office results disappoint, while others are spectacular, and there is little reason to believe that the most recent short-term results are anything more than a blip on the radar.

Cineplex is on a torrid path of growth with the company experiencing earnings-per-share growth of 18% compounded annually over the past 10 years, so unless you believe people are suddenly going to stop going to the movies, Cineplex shares appear to be a solid growth investment, allowing you to park your money for the long term.

Crescent Point Energy Corp. (TSX:CPG)(NYSE:CPG)

The majority of Crescent Point's reserve assets remain undeveloped, which means that the company has a long runway of growth ahead of it should oil prices recover.

Crescent Point shares pay a 3.82% dividend yield, which is extremely attractive for a company with this much long-term promise.

If the price of WTI crude remains above US$50 for the rest of the year, Crescent Point should have no problem maintaining its dividend, and if WTI stays on its current trajectory, shareholders who stay patient with the company could be rewarded with a very large payoff.

Conclusion

Those looking for an example of the power of dividend-growth investing need look no further than **Enbridge Inc.** (TSX:ENB)(NYSE:ENB), which is a core holding of many dividend investors.

Back in 2001, over 15 years ago, Enbridge shares traded at $10.69 and paid a dividend of $0.35. And 10 years later, shares traded for $51.75, or a compounded return of 10.3% annually.

That's not bad, but consider too that the company's dividend has grown 696% over that stretch, and if you were Foolish enough to hold Enbridge shares over that period, your original investment would be yielding you an incredible 23% today.

That’s the power of dividend growth investing.

Stay Foolish.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing
4. Tech Stocks

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:VRN (Veren)
3. TSX:ACQ (AutoCanada Inc.)
4. TSX:CGX (Cineplex Inc.)
5. TSX:ENB (Enbridge Inc.)
6. TSX:VRN (Veren Inc.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks
2. Energy Stocks
3. Investing
4. Tech Stocks

Date
2025/09/11
Date Created
2017/10/22
Author
jphillips