



3 Canadian Dividend Aristocrats With Double-Digit Dividend Growth

Description

A common mistake made by income investors is to focus on yield. Although a high yield is attractive, it can also come with greater risk. Likewise, companies with a high yield tend to have lower dividend-growth rates.

Dividend-growth investors with a long-term view should focus on companies that have a history of growing their dividends. The perfect starting point is to look for Canadian Dividend Aristocrats. These are companies that [have raised dividends](#) for at least five consecutive years.

But, why stop there? Another great way to turbocharge your investment income is to look for those with higher-than-average dividend-growth rates. The three companies below are perfect stocks for millennials or dividend-growth investors with a long-term outlook.

New to the list

One of the [newest additions](#) to the Canadian Dividend Aristocrat list is **Onex Corp.** ([TSX:ONEX](#)). Onex is a private equity firm with over \$32 billion in assets under management.

The company has raised dividends for six consecutive years. Its most recent increase of 16.67% came in May 2018. Onex has three-year and five-year dividend-growth rates of 18% and 21.2%. This is much higher than the Aristocrat average.

In 2017, the company generated over \$15 per share in free cash flow (FCF). Dividends accounted for less than 1% of FCF. What does this mean? it means expected double-digit dividend growth for years to come.

Supply chain management

A little-known tech company with an attractive income profile is **Tecsys** ([TSX:TCS](#)). The company is engaged in the development, marketing, and sale of enterprise-wide supply chain management software.

Tecsys has an impressive 10-year dividend-growth streak. It has the second-longest dividend-growth streak in the tech sector. The company has three-year and five-year dividend-growth rates of 19.8% and 23.3%. Tecsys last raised its dividend by 11.11% in December of last year.

With a payout ratio below 40%, expect another double-digit raise this December.

Special dividend, anyone?

An income favourite, **ZCL Composites** (TSX:ZCL) has a seven-year dividend-growth streak. The company manufactures and supplies fiberglass-reinforced plastic underground storage tanks.

Unfortunately, the company has struggled over the past year. In the absence of a permanent CEO, the company has lacked execution. Over the past year, ZCL's share price has tumbled 33%. There is, however, no denying it is an attractive income play.

Despite its struggles, ZCL continues to return significant cash to shareholders. In March, the company raised its quarterly dividend by 12.5%. But that's not all. It also declared a one-time special cash dividend of \$0.40 per share. This marked the third straight year the company has declared a special cash dividend.

CATEGORY

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TICKERS GLOBAL

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2. TSX:TCS (Tecsys Inc.)

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