This $9,750 Income Stream Will Only Get Bigger in 2020

Description

Hi again, Fools. I'm back to highlight three top dividend growth stocks. As a quick reminder, I do this because businesses with consistently increasing dividend payouts can guard against the harmful effects of inflation by providing a growing income stream; and tend to outperform the market averages over the long haul.

The three stocks below offer an average dividend yield of 3.9%. Thus, if you spread them out evenly in an average $250K RRSP account, the group will provide you with a growing $9,750 annual income stream. And it's all completely passive.

Let's get to it.

Saved by the Bell

Leading off our list is telecom giant **BCE** (TSX:BCE)(NYSE:BCE), which has delivered consistent dividend growth of 27% over the past five years.

BCE's rock-solid payout continues to be supported by massive wireless scale, increasing Internet market share (due to its fiber-to-home buildout), and steady cash flows. In the most recent quarter, earnings grew 8% while free cash flow improved 10%.

"Ongoing free cash flow generation and a positive financial profile for our wireless, wireline and media segments going forward provides us with considerable financial flexibility to enable Bell's broadband fibre and wireless investment strategy while positioning BCE to deliver our 12th straight year of dividend growth in 2020," said CFO Glen LeBlanc.

BCE is up 14% in 2019 and offers a dividend yield of 5%.

Natural choice

With steady dividend growth of 62% over the past five years, energy giant **Canadian Natural Resources** (TSX:CNQ)(NYSE:CNQ) is next on our list.

Canadian Natural's relatively low cost structure, growth opportunities within the oil sands, and higher price realizations continue to underpin its fat dividend payments.

In the most recent quarter, revenue of $5.6 billion topped estimates, while free cash flow totaled $1.29 billion.

Over the first half of 2019, management has returned a total of $1.48 billion to shareholders in the form of dividends and buybacks.

"The Company continues its focus on maximizing shareholder value while delivering responsible and sustainable operations," said Vice Chairman Steve Laut.

Canadian Natural is down 3% in 2019 and currently offers a yield of 4.5%.

Information station

Rounding out our list is news and information specialist **Thomson Reuters** (TSX:TRI)(NYSE:TRI), which has grown its dividend 26% over the past five years.

Thomson's dividend is backed by high switching costs (due to hard-to-replicate databases), large scale, and stable cash flows. In the most recent quarter, EPS topped estimates by $0.12 as revenue improved 8% to $1.4 billion.

Management now sees organic revenue growth for 2019 and 2020 of 3.5%-4% and 31%, respectively.

"The second quarter was another eventful period for our organization," said President and CEO Jim Smith. "Organic revenue growth was the best since 2008 and came in ahead of our expectations at 4% as a result of solid performance across the business."

Thomson is up 35% in 2019 and offers a yield of 2.2%.

The bottom line

There you have it, Fools: three attractive dividend growth stocks worth checking out.

As always, they aren't formal recommendations. They're simply a starting point for more research. The breaking of a dividend growth streak can be especially painful, so plenty of due diligence is still required.

Fool on.

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TICKERS GLOBAL

1. NASDAQ:TRI (Thomson Reuters)
2. NYSE:BCE (BCE Inc.)
3. NYSE:CNQ (Canadian Natural Resources)
4. TSX:BCE (BCE Inc.)
5. TSX:CNQ (Canadian Natural Resources Limited)
6. TSX:TRI (Thomson Reuters)

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