TFSA Investors: 2 Premium Dividend-Growth Stocks at Bargain-Basement Prices

Description

In these volatile times, it pays dividends to hold stocks that you know will line your pocket with cash over time. If you're going to have to deal with intense market volatility (which will likely last through another U.S. election year), and the potential for quicker, steeper losses, you might as well get paid in cash to ride the roller coaster of emotions.

And if you're a young investor who doesn't need income immediately, dividend-growth stocks may be the perfect way to invest in a market that seems to be moving on purely on the macro.

Stocks have been trading together on tweets, short-term-focused commentary, and arbitrary economic indicators. And if you jump in and out of the markets based on such big-picture news on any given day, you're not investing; you're gambling, and sooner or later you're going to lose big money.

Big dividends, as you may know, will serve to dampen volatility over the near and long term. The higher the yield, and the lower the beta of a stock, the better able you'll be to combat market volatility. Dividend-growth stocks with lower upfront yields, though, focus on rewarding you over the extremely long haul, through thick and thin, through times of economic warfare and times of prosperity.

In a way, you're getting scheduled quarterly (or monthly) payments that, along with annual raises, can be as high as 10-15% for the sexiest of dividend growers. You'd be hard-pressed to get a similar magnitude of raise from the workforce now that wages have stagnated for the most part.

Without further ado, here are two overlooked dividend-growth stocks that you should set and forget as volatility continues to pick up.

Jamieson Wellness

Jamieson Wellness (TSX:JWEL) is an iconic Canadian vitamin company that makes the green-capped supplements that are probably sitting in your medicine cabinet right now. The company has been around for nearly a century and only recently has the company hit the public markets.

Not much has changed with vitamins, minerals, and the like over the course of the last 100 years. And if I had to guess, not much will change about Jamieson's business in the next 100 years. In an era of technological disruption, Jamieson is one of the few firms that have been granted immunity thanks to its reputation as a trusted, high-quality manufacturer of health products.

Jamieson isn't just a top Canadian brand; it's also a top foreign brand in China, a market that could be a source of massive long-term growth. Add Jamieson's new product ramp-up into the equation, and it's clear that Jamieson is a cash cow that could support enormous dividend hikes for many years, if not decades to come.

On Tuesday, Jamieson hiked its quarterly dividend by a penny — a raise of just over 10% — causing shares to jump 2% on a day the markets retreated.

Restaurant Brands International

When it comes to dividend growers, **Restaurant Brands International** (TSX:QSR)(NYSE:QSR) is a king among men. The fast-food kingpin owns some of the most influential brands across compelling fast-food sub-industries (burgers, coffee, and donuts, and, most recently, fried chicken), and with it comes global recognition.

This global recognition allows Restaurant Brands to grow at the international level at a ridiculously low cost of capital thanks to partnerships within target markets. Burger King is an international success story, and given the capabilities of management, I think Tim Hortons and Popeyes will eventually follow in the footsteps of the king.

Like Jamieson, Restaurant Brands is tapping into the Chinese market for growth. With a high growth ceiling, a capital-light growth model, and a defensive cash flow stream that keeps swelling up, Restaurant Brands is able to generously reward its shareholders with whopper-sized dividend hikes on a frequent basis.

Back in the day, when investors fretted over the company's debt load, I'd urged investors to forgive the company because it had smooth operators running the show and the potential to accelerate future cash flows like few other firms out there. To the shock of many, Restaurant Brands not only chipped away at debt, but it also rewarded investors with a doubling of its dividend.

Restaurant Brands is capable of growing its dividend by 10-15% every year, recessions included.

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