2 Income Stocks Growing Their Dividends Ridiculously Fast!

### Description

For young investors, who aren't close to retiring, dividend growth investing may be an effective strategy to not only grow one's wealth at an impressive rate over the long run, but also to grow one's income stream over time.



The upfront dividend yield of some of the best dividend growers may be unremarkable, but over many years, the yield based on one's invested principal has the potential to swell to unfathomable heights.

Unlike dividend stocks with huge upfront yields, investors will continue to see their dividend payouts grow at a rapid rate, so as long as the earnings growth is still there.

Imagine getting a 10-15% raise to your income every single year regardless of the state of the economy. It's unrealistic as a member of the labour force, but with dividend growth stocks and some time, it's possible to get consistent and sizeable raises.

Here are two stocks that can offer a high magnitude of dividend growth over prolonged periods.

## Canadian Natural Resources

**Canadian Natural Resources** (TSX:CNQ)(NYSE:CNQ) is a king among men in Canada's oil patch. The company has a solid balance sheet, robust integrated operations, and a plethora of landlocked assets that could fuel decades' worth of growth.

The booms and busts in the oil patch are nothing new. Right now, we're in a bust, and with no signs of another boom, Canadian Natural may not be able to live up to its full potential.

But as its peers falter in a harsh industry environment, Canadian Natural shines. The company has been growing its dividend for nearly two decades, and the recent oil patch bust isn't going to stop its impressive streak.

The company hiked its dividend by 12% earlier this year at a time when many of its peers are slashing their dividends or keeping them on hold. Just think of how large the dividend hikes could be if the oil patch were thriving again!

Management is also committed to repurchasing its own shares, and at a time of severe undervaluation, investors have a chance to pay a dime to get a dollar, so to speak.

The stock sports a 4.5% yield and trades at a mere 6.7 EV/EBITDA. That's ridiculously cheap for the calibre of business you're getting and the years' worth of dividend growth potential.

## Enbridge

**Enbridge** (TSX:ENB)(NYSE:ENB) is another battered dividend grower that's committed to continuing to reward its shareholders with big dividend raises in spite of any headwinds.

The stock sports a 6.3% yield at the time of writing, and while some skeptics question the long-term sustainability of the dividend, management is continuing to create enough financial flexibility to support double-digit annual dividend hikes in addition to its growth projects.

Still, investors don't seem to appreciate management's shareholder-friendly nature, as the stock continues to tread water over discouraging headlines, the latest being Michigan's opposition to the Line 5 pipeline.



For those with a long enough time horizon, Enbridge is a must-buy for its severe undervaluation and the massive dividend growth potential. Management hasn't let its shareholders down yet with respect to the dividend, and I don't think they will, even as pipeline projects continue to face tremendous resistance.

In time, it's likely that the pipeline will be laid out, and Enbridge will have significant cash flow streams coming online. In the meantime, however, delays and unfortunate news will likely continue to be a drag on the stock. Fortunately, the massive dividend ought to be more than enough incentive to stick around for the long haul.

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