RRSP Investors: 3 Top Dividend-Growth Stocks for 2020

Description

Hi, 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 rising income stream; and
- tend to outperform the market averages over the long haul.

The three stocks below offer an average dividend yield of 3.5%. Thus, if you spread them out evenly in an average $250K RRSP account, the group will provide you with a growing $8,750 annual income stream. And it's all completely passive.

Let's get to it.

Royal money

Leading things off is financial gorilla **Royal Bank of Canada** (TSX:RY)(NYSE:RY), which has grown its dividend 41% over the past five years.

Royal Bank's highly regulated operating environment, leadership position in five segments, and massive scale (16 million clients) should continue to support strong dividend growth for many years to come. In the most recent quarter, EPS increased to $2.26 on strong growth in personal & commercial banking, wealth management, and insurance.

"Our focused strategy and diversified business mix continue to deliver strong returns for our shareholders as we leverage our scale and investments in technology to create new value streams for our clients," said CEO Dave McKay.

RBC shares are up 15% so far in 2019 and offer a healthy dividend yield of 3.9%.

Solid granite

With dividend growth of 80% over the past five years, industrial real estate company **Granite REIT** (TSX:GRT.UN) is next up on our list.

Granite's reliable dividend growth is underpinned by strong scale (80 properties with about 34 million square feet of leasable area), global footprint, and low leverage. In the most recent quarter, funds from operations (FFO) clocked in at a solid $43 million.

"Management continues to identify and pursue value creation and investment opportunities that will generate superior long-term total return for unitholders," wrote the company. "Granite has positioned itself financially to capitalize on a strong pipeline of acquisition and development opportunities within its geographic footprint and execute on its strategic plan."

Granite shares are up 23% so far in 2019 and currently offer a juicy yield of 4.3%.

Data-driven opportunity

Rounding out our list financial information specialist **Thomson Reuters** (TSX:TRI)(NYSE:TRI), which has grown its dividend 23% over the past five years.

Thomson's highly stable payout growth continues to be backed its global news service, strong leadership position, and recurring, subscription-based model. In the most recent quarter, operating profit spiked 119% as revenue improved 9% to $1.4 billion.

"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," said CEO Jim Smith. "We believe we are well positioned for future growth and now expect 2019 and 2020 revenue growth and adjusted EBITDA to each be at the upper end of the guidance ranges previously provided."

Thomson shares are up 32% in 2019 and offer a solid yield of 2.2%.

The bottom line

There you have it, Fools: three top 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:RY (Royal Bank of Canada)
3. TSX:GRT.UN (Granite Real Estate Investment Trust)
4. TSX:RY (Royal Bank of Canada)
5. TSX:TRI (Thomson Reuters)

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bpacampara