2 Stocks With Insane Dividend Growth

Description

In a prior piece, I highlighted the fact that dividend growers vastly outperformed the **TSX Index** and non-dividend-paying stocks over the last 30+ years, a trend that will likely continue over the coming decades.

Unlike most other markets, Canada is more subject to the cyclical ups and downs of the energy and materials sectors. Over prolonged periods, it's the resilient firms that can continue thriving through the rough patches that will provide investors with the best shot at scoring excess risk-adjusted returns.

Without further ado, consider the following two attractively valued dividend-growth stocks:

Royal Bank of Canada

As the Canadian banks continue navigating difficult macro conditions with modest earnings growth expectations in the cards for 2020, investors would be wise to look to a proven leader like **Royal Bank of Canada** (TSX:RY)(NYSE:RY), which weathered tightening credit conditions better than most of its peers.

Despite clocking in better-than-feared results through 2019 with two slight earnings misses, a slight beat, and a meet, Royal Bank continues to trade at a discount to its historical average multiples.

The stock trades at 11.3 times next year's expected earnings, 1.9 times book, and 3.3 times sales, with a 4% dividend yield.

With muted analyst expectations, Royal Bank is a cautiously optimistic way to bet on the Canadian banks. Investors can expect high single-digit dividend raises as the bank navigates through challenging industry conditions.

Restaurant Brands International

Restaurant Brands International (TSX:QSR)(NYSE:QSR) is a defensive dividend growth king that's been known to surprise investors with massive dividend hikes.

The company has more than doubled its dividend at a whim, and although it's still capable of double-digit growth, one can still expect at least 10% in annual dividend hikes.

The fast-food industry has soured over the last few months, opening up an opportunity for investors to snag Restaurant Brands stock at a nice discount.

At the time of writing, QSR trades at 16.1 times next year's expected earnings, a low price to pay for the owner of three of the most influential and powerful fast-food brands on the planet: Tim Hortons, Burger King, and Popeyes.

Shares sport a 3.2% yield today and will continue to creep higher until the stock can make up the ground lost in over the last three months. QSR is in bear market territory for no good reason, so dividend growth investors ought to think about averaging down on the name before Mr. Market finally comes to his senses and slaps the stock with a price that justifies its capital-light growth profile.

I wouldn't be surprised to see Restaurant Brands back at $100 by year-end, regardless of where the markets head next. The stock is so beaten-up that any correlation to the broader markets is likely to be low, if not negative.

Stay hungry. Stay Foolish.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. NYSE:RY (Royal Bank of Canada)
3. TSX:QSR (Restaurant Brands International Inc.)
4. TSX:RY (Royal Bank of Canada)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Bank Stocks
2. Dividend Stocks

3. Investing

Date
2025/07/08
Date Created
2020/01/16
Author
joefrenette