



## 2 Top Dividend-Growth Stocks to Buy in 2020

### Description

One of the surest paths to achieving [investing success](#) is to invest in high-quality stocks that have a long history of paying regularly growing dividends. This is because they typically have reliable earnings, possess wide economic moats, which protects them from competition, and operate in recession-resistant industries.

Those companies also have solid balance sheets and are financially healthy, allowing them to consistently pay regularly growing dividends. Here are three attractively valued companies with long histories of paying steadily increasing dividends from growing earnings.

### Diversified infrastructure provider

**Brookfield Infrastructure Partners** ([TSX:BIP.UN](#))([NYSE:BIP](#)) owns a globally diversified portfolio of infrastructure, including railroads, toll roads, energy utilities, and ports, which are crucial to economic activity. The partnership has hiked its distribution for the last 12 years to see it yielding a juicy 3.8%, and that payment is sustainable with signs that there are further increases ahead.

Brookfield Infrastructure operates in oligopolistic markets with steep barriers to entry that are heavily regulated. This not only protects it from competition but allows it to operate to an extent as a price maker rather than price taker, enhancing Brookfield Infrastructure's ability to grow earnings.

Demand for most of the infrastructure that the partnership owns is relatively inelastic, which — along with the regulated and contracted nature of Brookfield Infrastructure's earnings — makes it resistant to economic downturns.

Brookfield Infrastructure reported some solid third-quarter 2019 numbers compared to the equivalent period in 2018, including a 16-fold increase in net income to US\$82 million, and that funds from operations (FFO) had grown by 22% to US\$338 million.

The business's earnings will continue to grow at a steady clip, because of recently completed transactions and two needle-moving deals currently underway, the US\$2.6 billion purchase of **Cincinnati Bell**

and US\$8.4 billion acquisition of railroad operator **Genesee & Wyoming**.

Those deals, along with Brookfield Infrastructure's focus on capital recycling, where it sells mature assets and uses the proceeds to make accretive opportunistic acquisitions, will support its plans to expand its distribution by 5-9% annually. As the partnership's earnings and distribution grow, its stock will [rally further](#), making now the time to buy.

## Diversified renewable energy utility

Renewable energy utility **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) performed strongly during 2019, gaining a healthy 36%, beating the 19% return generated by the **S&P/TSX Composite Index**. Like traditional electric utilities, Algonquin possesses a wide economic moat and is an ideal income-generating defensive stock.

It has hiked its dividend for the last nine years straight to yield a juicy 3.9%. Importantly, that payment is sustainable, as highlighted by Algonquin's 68% payout ratio.

The company is poised to unlock considerable value for investors during 2020. Stronger economic growth will spark greater demand for electricity, natural gas and water, boosting the utility's earnings. This is already reflected in its 2019 results, where, for the first nine months, Algonquin's net earnings per share more than doubled year over year to US\$0.71 per share, and there are signs that its earnings will continue to grow at a steady clip over the long term.

The company has an extensive pipeline of projects under development including US\$1.7 billion of renewable energy assets under construction, which will have capacity of around 700 megawatts (MW). Algonquin is also building 600 MW of wind projects in the Midwest U.S. and has US\$500 million in international investment opportunities.

That pipeline is estimated to have installed capacity 1,200 MW, which will significantly boost the amount of electricity Algonquin can generate, allowing it to meet growing demand for electricity from renewable energy sources. The global push to significantly increase the amount of energy generated from clean renewable sources will act as a powerful long-term tailwind for Algonquin.

These factors will all support further dividend hikes and boost the utility's market value as earnings and assets expand.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)

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**Date**

2025/09/17

**Date Created**

2020/01/17

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