3 Top Dividend Growth Stocks With Yields as High as 6%

Description

Hello, Fools! I'm back to highlight three top dividend growth stocks. As a quick reminder, I do this because investing in businesses with consistently increasing dividend payouts:

- can guard against the harmful effects of inflation by providing a rising income stream; and
- tends to outperform the market averages over the long haul.

The three stocks below offer an average dividend yield of 5.3%. So if you're looking to add a big of chunk of income to your TFSA (that the CRA can't touch), this is a good place to start.

Banking on it

Leading off our list is financial services specialist **Laurentian Bank** (TSX:LB), which has grown its dividend payout by 25% over the past five years.

Laurentian's steady dividend growth continues to be supported by decent scale (revenue recently exceeded $1 billion), strong credit quality, and a rock-solid financial position. While earnings continued to decline in the most recent quarter, Laurentian's Common Equity Tier 1 (CET1) capital ratio remained relatively strong at 9.0%

"Transformation continues, but the heavy lifting is coming to an end," said exec Francois Desjardins. "As we look forward, 2020 will be the year when we complete major initiatives and focus on growth so that we are well-positioned to achieve our medium-term objectives."

Laurentian shares currently offer a juicy dividend yield of 6.0%.

Keying in

With dividend growth of 40% over the past five years, midstream energy company **Keyera** (TSX:KEY) is next on our list.

Keyera should continue to use its well-integrated assets (pipelines, processing, and marketing), oil sands development, and hefty cash flows to deliver steady payment growth for shareholders. In the most recent quarter, distributable cash flock clocked in at an impressive $184 million versus just $127 million in the year-ago period.

“Keyera is on track to deliver another year of strong operational and financial performance,” wrote the company. “With continued growth in liquids-rich natural gas production and oil sands production, our fractionation, transportation, storage and marketing services all remain in high demand.”

Keyera currently offers a healthy dividend yield of 5.5%.

Solid as a rock

Rounding out our list is industrial real estate company **Granite REIT** (TSX:GRT.UN), which has grown its dividend 78% over the past five years.

Thanks to Granite’s decent scale (90 properties representing about 40 million square feet), conservative capital ratios, and geographic diversification, Granite can maintain consistent dividend growth even amid economic softness. In the most recent quarter, Granite’s funds from operations – a key cash flow metric – improved to $46 million.

Thanks to that strength, management increased its dividend for the eighth straight year.

“[W]e are very pleased to announce our eighth consecutive annual distribution increase,” said CEO Kevin Gorrie. “It is a product of a conservative capital structure and stable and sustainable cash flow growth.”

Granite currently yields a solid 4.3%.

The bottom line

There you have it, Fools: three top dividend growth stocks for 2020.

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.

CATEGORY

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TICKERS GLOBAL

1. TSX:GRT.UN (Granite Real Estate Investment Trust)
2. TSX:KEY (Keyera Corp.)
3. TSX:LB (Laurentian Bank of Canada)

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