3 Dividend Growth Stocks to Buy in February

Description

Looking to add some income and growth to your portfolio at the same time?

Heading into February, there are plenty of opportunities to do so.

Even with the TSX nearing all-time highs, there are loads of TSX stocks around with high yields and rising payouts. The TSX composite index has been on a solid run over the past year, but the past *ten* years have been a different story, with a mere 54% return having been posted by the index in that time. The end result has been the TSX index yielding approximately double the S&P 500.

Right now, Canadian investors are in a situation where they can buy home-grown Canadian companies cheap, and get significant amounts of recurring passive income from their investment. The following are three TSX dividend growth stocks that could make great additions to a diversified Canadian equity portfolio in February.

Enbridge

Enbridge Inc (TSX:ENB)(NYSE:ENB) is one of Canada's dividend growth champions. With a 6% yield and a compound annual dividend growth rate of 12%, it has been a real income superstar over the past 20 years.

Moreover, there are reasons to believe that the company's run could continue for the foreseeable future. Enbridge is currently working on an infrastructure upgrade to its Line III system, which ships over 750,000 barrels of oil a day. The upgrade will replace aging 34-inch pipes with new 36-inch pipes, increasing the system's transportation capacity significantly.

With many Canadian energy companies still shipping oil by the more expensive rail, it's nearly certain that Line III will be filled to capacity after the upgrade, leading to a significant revenue boost for Enbridge.

Alimentation Couche-Tard

Alimentation Couche-Tard Inc (TSX:ATD.B) is Canada's largest convenience store company. Its Circle K brand alone has more than 15,000 locations worldwide, staffed by 45,000 employees. In the U.S., Circle K is first in gas station convenience store fuel sales, and second behind 7-11 in overall convenience store sales.

Most Canadians are familiar with Circle K because of its rapid expansion across the country, which saw it take over thousands of former Irving locations. However, the more interesting aspect of Alimentation Couche-Tard's growth by far has been its international expansion.

After acquiring Circle K from **ConocoPhillips** in 2003, Alimentation has dramatically grown its presence in the U.S. and Europe, while making some moves in Latin America as well. Owing to this expansion, the company has seen dramatic dividend growth, averaging 27% over the past five years.

Canadian National Railway

The **Canadian National Railway** (TSX:CNR)(NYSE:CNI) is Canada's largest railway, shipping $250 billion worth of goods each year. Its stock has gone on a strong bull run over the past decade, rising 363% compared to the TSX's 54%.

This massive out-performance has largely been driven by strength in the company's crude-by-rail business, which has exploded as Canada's various pipeline projects have faced their various delays and hurdles.

That's not to say that CN's run has been solely due to crude, however. Its grain business has also been a big grower, despite crop issues impeding it last year. In the final quarter of 2019, CN saw declining RTMs and shipping volumes thanks to weakness in grain harvests and timber supply. Nevertheless, the company grew its earnings, capping a full decade of above-average earnings growth.

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