



TFSA Investors: 3 Dividend Stocks That Just Raised Their Payouts

Description

If you're investing in dividend stocks and in search of investments to put into your Tax-Free Savings Account (TFSA), it's important to consider stocks that grow their payouts.

Growing dividend stocks will generate much more [recurring income](#) for you over the years and they often grow at a higher rate of inflation. Here are three dividend-growth stocks that recently hiked their payouts yet again:

Magna International Inc ([TSX:MG](#))([NYSE:MGA](#)) reported its fourth-quarter results in February. The company's earnings per share (EPS) of US\$1.43 came in higher than the US\$1.37 it reported in the previous year.

Along with the good results, Magna announced that its quarterly dividend would now be US\$0.40, up from US\$0.365, an increase of 9.6%. In 2019, Magna increased its payouts by 10.6% and the year before that they were hiked by 20%.

With the rate increase, Magna's stock is now paying investors about 3% per year in dividends. It's a decent payout, but the one risk for investors is that the auto supplier has exposure to China and the coronavirus could impact its performance in 2020.

Unfortunately, due to trade wars or tariffs or any other factors negatively impacting the industry, Magna's stock has seen a lot of volatility over the years. In two years, the stock's returns are flat. But with a strong and growing dividend, it could help make up for those otherwise poor returns.

Royal Bank of Canada ([TSX:RY](#))([NYSE:RY](#)) also reported its first-quarter earnings on February 21 and it too had another impressive performance.

Its profit of \$3.5 billion during the quarter was up 11% from the previous year and its adjusted EPS of \$2.44 came in well above the \$2.30 that analysts were expecting from the [top Canadian bank](#).

The bank also announced its dividend would rise from \$1.05 every quarter to \$1.08, for a modest increase of 2.9%. Although it had a good result, it's likely the bank stock would have bumped up its

dividend payments anyone, given its track record.

Over the past several years, it's also been common for RBC to raise its dividend multiple times in one year. While this individual rate hike may appear modest, there could be another one later this year. With the higher dividend, investors can now earn about 4% per year in dividend income from owning shares of the company.

MTY Food Group Inc ([TSX:MTY](#)) is another stock that's boosted its payouts. On January 20, the company announced a 12% increase to its quarterly dividend, with payments rising from \$0.165 to \$0.185.

Five years ago, the company was paying a dividend of just \$0.10. Its dividend is up 85% since then, averaging a compounded annual growth rate of over 13% during that time. However, even at \$0.185 every quarter, the dividend is still yielding a relatively modest 1.5%.

While the restaurant company notes that it has been busy with acquisitions over the past year, CEO Eric Lefebvre does not believe the increase to the dividend will negatively impact MTY's ability to continue to find good deals.

In the press release announcing the dividend increase, he stated, "This increase will in no way hinder our ability to make strategic acquisitions or investments in our current network."

We also retain the flexibility for other capital allocation strategies including possible share buybacks under our existing NCIB and debt repayments. We continue to expect great momentum in the growth of the company in the years to come."

Over the past two years, shares of MTY are down 2%.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:MGA (Magna International Inc.)
2. NYSE:RY (Royal Bank of Canada)
3. TSX:MG (Magna International Inc.)
4. TSX:MTY (MTY Food Group)
5. 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

2025/08/24

Date Created

2020/02/29

Author

djagielski

default watermark

default watermark