3 Canadian Dividend-Growth Kings to Buy Right Now

Description

Canadian dividend-growth kings are a rare breed, indeed. Unlike the [Dividend Aristocrats](), the dividend-growth kings can find the perfect balance between growth and returning cash right back into the pockets of shareholders.

Soaring payouts for the roaring 2020s

It's a tough feat to keep growth at a level to sustain high double-digit annualized dividend growth, but the following Canadian firms, I believe, can do it for decades to come. And after the recent bout of volatility, each name looks like a screaming buy ahead of what could be the greatest economic [boom]() since the roaring 1920s.

So, without further ado, let's get right into the dividend-growth kings that are in buy territory today.

Dividend-growth king #1: CN Rail

CN Rail ([TSX:CNR]())([NYSE:CNI]()) is the Canadian rail titan that really needs no introduction. It has the most envied rail network on the continent and is positioned to do more than its fair share to drag the Canadian economy out of the gutter. Despite the coronavirus recession, CN Rail has held its own rather well. Although CN Rail's operating ratio did take a modest hit to the chin last year, I think it has room to run, as volumes pick up and the firm's past infrastructure investments really start paying dividends.

The stock has raised its dividend by an average of 16% over the past five years. The yield itself is modest at shy of 1.7%, but wait a few years, and the yield based on your principal is likely to swell at an unfathomable rate. With a wide moat protecting its share of economic profits, investors can expect CN Rail's (dividend) growth rate to be fairly consistent over the next decade and beyond.

CN Rail's predictable business and wide moat make for a highly predictable dividend-growth trajectory. And that's why the stock is a must-buy on any weakness, like the one suffered over a week ago on news of the **CP Rail**-KSU merger.

Dividend-growth king #2: Enbridge

I've said its hundreds of times, and I'll say it again: **Enbridge** (TSX:ENB)(NYSE:ENB) has one of the most shareholder-friendly managers in Canada. The company has been through tough times in recent years, yet the company had not only kept its dividend intact; it also kept its dividend-growth streak alive.

While selling assets to finance an expensive and lofty dividend commitment is not the formula for longer-term success, I think that management will be proven right once COVID headwinds pass and tailwinds start presenting themselves. For now, the dividend is stretched, but don't think for a second that management is even thinking about bringing its dividend to the chopping block. The dividend-growth streak is going strong, with Enbridge averaging around 15% in dividend growth over the past five years.

The yield itself is rich, at 7.1%. If you're looking for yield and growth, Enbridge is tough to match.

Dividend-growth king #3: Metro

Metro (TSX:MRU) is a grocer that's done remarkably well through the pandemic. As a top performer in a razor-thin margin environment, Metro is a defensive staple that ought to be at or around the top of any Canadian investor's shopping list.

More recently, the stock pulled back, falling into a bear market, as investors ditched the COVID-19 stocks for the reopening plays. I think the move is overblown, opening up a buying window for contrarians who lack defensive positions in their portfolio.

The company has steadily grown its dividend by around 15% over the last five years. The 1.73% yield, like CN Rail's, is modest today but should grow more meaningful the longer you hang onto the stock.

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