



Dividend Aristocrats: 2 Top Picks for Decades of Dividend Growth

Description

No matter what stage of investing you are in, dividend growth stocks will be some of the best companies to own. And the best dividend growth stocks are often found on the Canadian Dividend Aristocrats list.

When we hear dividend stocks, most investors think of stable, low-growth investments that are typically for lower-risk investors. And while many dividend growth stocks are stable and consistent, slow growth stocks, others can be rapid growth stocks.

Alimentation Couche-Tard, for example, is a Dividend Aristocrat, even though its yield is currently less than 1%, and it's one of the top [growth stocks](#) in Canada.

This is why Dividend Aristocrats can be some of the best stocks to consider buying. You know you're getting a company that is consistently increasing its payout to investors.

So there's a strong chance these stocks have high-quality operations that will continue to grow. With that in mind, here are two of the best to consider today.

A top high-yield Dividend Aristocrat

If you're a passive income seeker looking for a high-quality dividend stock, one of the best in Canada is **BCE** ([TSX:BCE](#))([NYSE:BCE](#)).

BCE is a massive [blue-chip stock](#) with high-quality operations that are crucial to our economy. The company has highly stable revenue, and because it owns high-quality assets, the stock is a major cash cow.

This makes it the perfect dividend stock, as it's consistently generating so much cash to return to shareholders. And because the telecommunications industry is consistently growing in popularity, BCE's operations are always expanding.

This results in consistent dividend increases, growing the passive income that investors receive. For example, in just the last five years, investors of this top dividend aristocrat have seen their payout grow by nearly 30%. Having income grow 30% in five years is extremely attractive, especially when you know it will continue to grow over the coming years too.

Plus, its yield today is pretty impressive as well, currently above 5.6%. So if you're looking for a higher-yield stock that offers stability in addition to attractive dividend growth, BCE is one of the top Canadian Dividend Aristocrats to consider today.

A high-quality dividend growth stock

For investors who prefer a higher growth stock, **Canadian Tire** ([TSX:CTC.A](#)) is one of the best Dividend Aristocrats around.

While the stock has, in fact, increased its dividend for five years, putting it on the list, many don't consider Canadian Tire for its dividend. This will happen when your stock gains more than 300% in 10 years, which Canadian Tire has done over the last decade.

Unlike BCE, which pays out the majority of its cash flow to investors, Canadian Tire keeps most of its cash, using it to invest in growth, pay down debt, or build its cash position. Currently, its dividend yields just 2.4%.

This gives it a lot more opportunity to grow its operations and consequently your capital. This is the difference between a high-yield, low-growth stock and vice versa.

Ideally, as investors, we want the companies to continue to retain capital and invest internally in growth, especially if management feels they can grow the business rapidly.

So as long as Canadian Tire can continue to find new ways to increase its sales and profitability, the Dividend Aristocrat should continue to keep its dividend low and invest in expanding the business.

Bottom line

Some investors may prefer BCE for its more robust operations and higher dividend yield. Others may prefer a stock like Canadian Tire for its incredible long-term growth potential.

Both companies are some of the top Canadian Dividend Aristocrats, though. So for the majority of investors, they will each be worth considering today.

CATEGORY

1. Dividend Stocks
2. Investing

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1. NYSE:BCE (BCE Inc.)

2. TSX:BCE (BCE Inc.)
3. TSX:CTC.A (Canadian Tire Corporation, Limited)

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