



3 Stocks to Build a Growing Dividend Portfolio

Description

Building a dividend portfolio is the [common strategy of passive investors](#). If you don't need the dividends, you can reinvest them to grow your money further. However, you can take it to the next level by building a growing dividend portfolio.

The approach entails choosing companies with outstanding dividend growth streaks. Besides compounding your investment, the capital grows faster with annual dividend increases. A portfolio with **Canadian Utilities** ([TSX:CU](#)), **Canadian Western Bank** ([TSX:CWB](#)), and **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)) in it should deliver increasing and [stable income streams](#).

49 consecutive years

Canadian Utilities is [popular with income investors](#) because it boasts the longest dividend-growth streak ever. The \$9.6 billion regulated utility company has raised its dividends for 49 consecutive years. Given the enviable record, you can buy the stock today and expect uninterrupted income streams for years.

You also add income stability to your dividend portfolio, as only 5% of the assets are long-term contracted assets. The bulk, or 95% of earnings, come from regulated sources. Canadian Utilities invested 96% of its \$430 million capital budget for 2021 in regulated utilities.

The company also sold its fossil fuel-based electricity generation business in 2019. It has since focused on building only utility and energy-related infrastructure assets. If you were to invest today, you can purchase Canadian Utilities at \$35.64 per share. The dividend offer is 4.94%. Expect further dividend growth as the stock compounds its dividend at 9% CAGR annually.

28 consecutive years

Canadian Western Bank is outside the Big Six circle, but it's a Schedule 1 bank in Canada. The dividend-growth streak of this \$3.15 billion lender is 28 years. Its core strengths are equipment

financing and leasing businesses plus branch-raised deposits.

In the nine months ended July 31, 2021, CWB's revenue increased 14% compared to the same period in 2020. Notably, common shareholders' net income increased 28%. In Q3 fiscal 2021, branch-raised deposits reached \$18.7 billion, or 17% than in Q3 fiscal 2020.

As of August 27, 2021, the bank stock trades at \$36.19 per share, with a corresponding dividend yield of 3.21%. The dividends are safe and sustainable, given the low 38.47% payout ratio. Thus far, in 2021, CWB has outperformed with its 28.55% gain. Over the last 20 years, the total return is 700.29% (10.95% CAGR).

21 consecutive years

TC Energy has grown its dividends for 21 consecutive years. This year, management increased the yield by 7.4%. The energy stock trades at \$59.78 per share and pays a juicy 5.48% dividend. Management targets an average annual dividend-growth rate of 8% to 10% through 2021.

This \$58.52 billion energy infrastructure company is confident it can afford the increases due to a strong project pipeline and growing diverse business segments. Regarding the stock's performance, current investors enjoy a nearly 19% year-to-date gain.

The latest buzz from this 70-year pipeline giant is the move to develop clean energy projects in Canada. TC Energy and privately held Irving Oil signed a memorandum of agreement for potential exploration projects. The partners will focus on decarbonizing existing assets and implementing technologies to reduce emissions.

Ever-dependable income stocks

The dividend-growth streaks of Canadian Utilities, Canadian Western Bank, and TC Energy shows dependability. Likewise, it indicates that these income stocks aren't mediocre investments. Start building a growing dividend portfolio if you have free cash or idle money.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing

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1. NYSE:TRP (Tc Energy)
2. TSX:CU (Canadian Utilities Limited)
3. TSX:CWB (Canadian Western Bank)
4. TSX:TRP (TC Energy Corporation)

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