



2 Dividend-Growth Stocks With Yields That Keep on Growing

Description

[Dividend stocks](#) can provide investors with an excellent mix of capital-appreciation upside and income. For those seeking this investment mix, such companies are highly recommended right now. Specifically, dividend-growth stocks (those that continue to hike their dividend distributions) are ones I think are worth considering.

That's because fixed-income securities such as bonds now provide a reasonable alternative. Investors can get a 4% yield on a risk-free investment. Thus, it's hard to argue as to why investors may want to put money to work in a market that's headed lower, with these kinds of attractive returns.

That said, many dividend-growth stocks provide increased yields over time. Most bonds don't offer that. Thus, as inflation-beating investments, here are two of the top dividend growers I think are worth buying right now.

Top dividend growth stocks to buy: Fortis

My list of dividend-growth stocks to buy has to start with **Fortis** ([TSX:FTS](#)). For one, this company's track record in hiking its dividend over time is incredible. For 48 consecutive years, Fortis has raised its distribution, in good times and bad. Thus, with a potential recession looming, this is among the safest stocks investors can buy for growing income over time.

Canada's premier gas and electricity utility holding company, Fortis has a robust business model providing extremely stable cash flows. These growing cash flows have resulted in a 6% average increase in the company's distribution in recent years. In fact, the company announced that the latest 6% hike will be payable to shareholders on Dec. 1. Thus, despite [yielding "only" 4.3%](#), this is an option that's preferable to bonds for long-term investors, in my view.

Enbridge

I have been bullish on **Enbridge** ([TSX:ENB](#)) for quite some time now, but there are many reasons why.

Enbridge is the perfect example of dividend growth being more important than actual yield. This is a company that's consistently raised its dividend over time and happens to be a Dividend King. Thus, in terms of historical performance, this pipeline and energy infrastructure player provides a lot to like.

Additionally, on a current yield basis, this is among the best high-yielding stocks in the market. Enbridge's yield is high at 6.4%. (That's a bond-beating yield, for sure.) And if the company continues to increase its distribution over time, investors can lock in an even higher future yield.

Additionally, as time progresses and energy infrastructure stocks are more fairly valued, I think Enbridge should offer nice price appreciation as well. This yield may not last, with investors buying in to capture such an impressive return. Thus, I think the capital-appreciation/dividend-growth mix with this stock is among the best in the market.

I expect Enbridge to grow its dividend around 3% per year for the foreseeable future. The company has said it's committed to paying down debt and improving its balance sheet. I like that, and this stock ticks all the boxes as a long-term investment in my books.

CATEGORY

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2. Investing

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2. TSX:FTS (Fortis Inc.)

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Date

2025/08/25

Date Created

2022/11/17

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