



2 Top Dividend Growth Stocks

Description

Dividend investing is more popular in Canada than in the United States. Luckily for us, we have many great companies to choose from that offer reliable dividends. As I have [mentioned before](#), investors should prioritize companies that are able to grow their dividends each year. With that in mind, which two companies should you take note of today?

The largest rail network in Canada

This is perhaps my favourite Canadian dividend company that I do not currently own. **Canadian National Railway** ([TSX:CNR](#))([NYSE:CNI](#)) is the largest railway in Canada in terms of revenue and size of its railway network. One of its largest shareholders is Bill Gates, a fact that many Canadian National investors regularly point to. With a market cap north of \$90 billion, Canadian National is one of the largest companies in the country.

The company has been growing its dividend for the past 24 years. This is tied for the tenth longest active dividend growth streak in the country. Its current forward dividend yield is 1.74%, and the company has a payout ratio of 44.06%.

Canadian National's five-year dividend growth rate is one of the highest among fellow Dividend Aristocrats. Over the past five years, the company has been able to grow its dividend at a rate of 16.18%.

With a wide moat, knowledgeable investor backing, and an exceptional dividend history, Canadian National should earn a spot in every Canadian investor's watch list, if not in their portfolio.

A hidden dividend gem

The second company covered in this article is likely one that most retail investors don't know about. Founded in 1951, **CCL Industries** ([TSX:CCL-B](#)) is the world's largest label maker. The company has [180 manufacturing facilities](#) across North America, Latin America, Europe, Africa, Asia, and Australia.

The company currently consists of four divisions: Avery, Checkpoint, Innovia, and Company.

Another Canadian Dividend Aristocrat, CCL has been growing its dividend for the past 18 years. Its five-year dividend growth rate dwarfs even that of Canadian National (24.77%). The company has a forward dividend yield of 1.59%, with a payout ratio of 25.84%.

This indicates that CCL is able to comfortably distribute its dividend each year and that the company has lots of room to grow its dividend in the future.

As its stock chart indicates, Q2 2020 was rough for CCL, as companies cut spending dramatically and demand for its products fell sharply. During the market crash, CCL stock fell over 41%. Since its bottom, the company has recovered nearly 40% of its value. However, it is still trading more than 18% below its pre-crash highs.

While I generally don't like buying companies just because its stock has decreased, for a great company like CCL, this could be an excellent time to pour into the stock.

Foolish takeaway

Canadian National Railway and CCL Industries are two companies with histories of very smart capital allocation. Both companies are leaders in five-year dividend growth rates among the Canadian Dividend Aristocrats. I would put both of these companies on my watch list immediately.

CATEGORY

1. Investing

POST TAG

1. canada
2. dividend
3. dividend stock
4. investing
5. market
6. TSX Dividend Stocks
7. yield

TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. TSX:CCL.B (CCL Industries)
3. TSX:CNR (Canadian National Railway Company)

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