2 Hot Dividend Stocks That Are Just Warming Up

Description

There is a lot of volatility in the market right now, and investors need to be careful when deciding where to put new money. One strategy is to look for names that are bucking the trend and actually trading near their 12-month highs.

Here are the reasons why I think dividend investors should consider **Rogers Communication Inc.** (TSX:RCI.B)(NYSE:RCI) and **Sun Life Financial Inc.** (TSX:SLF)(NYSE:SLF) right now.

Rogers

Rogers is going through a restructuring process aimed at stemming customer flight from its cable and wireless businesses. While this is going on, the media division is really picking up the slack.

Rogers reported solid Q2 2015 numbers. Free cash flow came in at $476 million, a sold 9% gain over the same period last year. Revenue growth in the media group jumped 23% in the quarter.

The company had a rocky start to its debut season as the Canadian broadcaster for the NHL. In fact, by mid-season last year it looked like fans had abandoned the sport, and advertisers were wondering why they had paid such high fees.

Fortunately for Rogers, the season ended very well with great viewership through the playoffs.

As the company prepares for season two of the 12-year deal, things could go a lot better. The Maple Leafs should deliver a stronger performance, which would beef up the numbers through the regular season, and then playoffs could be just as successful if at least four of the Canadian teams make the postseason.

Hockey is just around the corner, but Blue Jays mania is here right now. Rogers owns the Jays, and this year's phenomenal performance is putting truckloads of money into the coffers. At this point, investors should expect to see solid third-quarter numbers. The stock is already up more than 12% in the past three months and bigger gains could be on deck.

Rogers has a strong track record of dividend growth and the distribution of $1.92 per share currently yields about 4%.

The company has lagged behind its peers for most of the past few years, but things are starting to change and investors might want to get in while Rogers is still cheap.

Sun Life

Sun Life really took it on the chin during the financial crisis, but the company battled back and is now on a strong growth path.

Management has made a number of strategic acquisitions in the past year to boost the size of Sun Life’s asset management operations. This is a good move because it provides another income stream to complement the insurance and wealth management segments.

Sun Life is also eyeing growth in Asia, with a keen interest in India. The company has a long-standing presence in the country through its Birla Sun Life partnership. The Indian government just changed the ownership rules for foreign insurance operators, which will allow Sun Life to boost its investment in Birla Sun Life from 26% to 49%.

One report suggests the Indian insurance market could increase four fold in the next 10 years, so Sun Life is well positioned to benefit.

Sun Life recently increased its dividend by 6% and the current distribution yields 3.5%.

The stock is holding up very well compared to the banks, and investors looking for a financial company should take a hard look at Sun Life as an alternative to the Big Five.

CATEGORY

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