Boost Your Portfolio's Yield With 1 of These 3 Stocks

Description

Whether you just opened your first brokerage account or have been investing for years, you must own at least one dividend-paying stock, because they outperform non-dividend-paying stocks over the long term. With this in mind, I scoured the market and selected one large cap, one mid cap, and one small cap that have high and safe yields of 4-8%, so let's take a quick look at each to determine which would fit best in your portfolio.

Large cap: Bank of Nova Scotia

Bank of Nova Scotia (TSX:BNS)(NYSE:BNS) is the third-largest bank in Canada with about $920 billion in total assets. It pays a quarterly dividend of $0.72 per share, or $2.88 per share annually, which gives its stock a yield of about 4.7% at today's levels.

Investors must also make two notes.

First, Bank of Nova Scotia has raised its annual dividend payment for five consecutive years, and its recent hikes, including its 2.9% hike in March, have it on pace for 2016 to mark the sixth consecutive year with an increase.

Second, the company has a target dividend-payout range of 40-50% of its net earnings, so I think its consistent earnings growth, including its 5.9% year-over-year increase to $1.43 per share in its first quarter of fiscal 2016, and its growing asset base will allow its streak of annual dividend increases to continue for the foreseeable future.

Mid cap: Canadian Apartment Properties REIT

Canadian Apartment Properties REIT (TSX:CAR.UN) is Canada's largest publicly traded residential landlord, serving over 46,700 families from coast to coast. It pays a monthly distribution of $0.10166 per share, or $1.22 per share annually, which gives its stock a yield of about 4.2% at today's levels.

Investors must also make two notes.

First, Canadian Apartment Properties has raised its annual distribution for four consecutive years, and its 3.4% hike in May 2015 has it on pace for 2016 to mark the fifth consecutive year with an increase.

Second, I think the company's streak of annual distribution increases can continue for the next several years for the following three reasons:

1. Its normalized funds from operations increased 1% to a record $1.692 per share in fiscal 2015
2. Its payout ratio was 73.1% in fiscal 2015, which is at the low end of its target range of 70-80%
3. Its growing asset base, including its 12.2% year-over-year increase in the number of residential suites and sites to 46,790 in fiscal 2015, sets it up for another record financial performance in2016

Small cap: Rogers Sugar Inc.

Rogers Sugar Inc. (TSX:RSI) is one of Canada's largest refiners, processors, distributors, and marketers of sugar products, including granulated, icing, cube, yellow, brown, liquid, and specialty sugars, as well as syrups. It pays a quarterly dividend of $0.09 per share, or $0.36 per share annually, which gives its stock a yield of about 7.4% at today's levels.

Investors must also make two notes.

First, Rogers has maintained its current annual dividend rate since 2013.

Second, I think the company's ample free cash flow generation, including the $37.8 million it generated in fiscal 2015 and the $14.5 million it generated in its first quarter of fiscal 2016, will allow it to continue to maintain its current annual dividend rate going forward.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. TSX:BNS (Bank Of Nova Scotia)
3. TSX:CAR.UN (Canadian Apartment Properties Real Estate Investment Trust)
4. TSX:RSI (Rogers Sugar Inc.)

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