

3 Dividend-Growth Stocks With Yields Over 5% for Income-Hungry Investors

Description

Dividend investing is one of the easiest ways to achieve investing success. Investors are able to generate an ever-growing income stream. Nonetheless, not all dividends are the same; the sustainability of many are vulnerable to downturns in the economic cycle or slumps in the prices of commodities. With that in mind, here are three sustainable dividends yielding over 5% that every income investor should have in their portfolio.

Now what?

My first pick is **Brookfield Renewable Energy Partners L.P.** ([TSX:BEP.UN](#))([NYSE:BEP](#)), which has hiked its dividend for the last six straight years to now offer investors a juicy and sustainable yield of just under 7%.

Brookfield Renewable is one of the largest renewable energy company's globally and operates an internationally diversified portfolio of renewable energy assets in developed and emerging economies. This has allowed it to generate solid growth in recent years, which should continue for the foreseeable future because the secular trend to clean energy is a powerful tailwind for the company.

The second choice is midstream energy company **Inter Pipeline Ltd.** ([TSX:IPL](#)). It pays a sustainable dividend with a tasty 5.9% yield and recently reported some impressive results for 2015. These included record funds flow from operations, which shot up by a very impressive 37% compared with 2014.

Meanwhile, net income was up by 33% for that period, with the company experiencing considerable growth in its oil sands transportation business, which contributed almost 74% of its funds flow from operations.

Inter Pipeline has also diversified its business both operationally and geographically, acquiring four petroleum and petrochemical storage facilities in Sweden during 2015. Its business operates across western Canada, Scandinavia, Germany, the U.K. and Ireland. Importantly, despite this acquisition, it still has a solid balance sheet with considerable liquidity totaling \$585 million that's available from its credit facility.

I expect its business to continue growing strongly; it's planning to invest \$260 million in a range of projects during 2016 with a focus on its oil sands and conventional operations.

Finally, there is **National Bank of Canada** ([TSX:NA](#)), which offers investors a juicy and sustainable 5.2% yield.

The bank has been sold down heavily in recent weeks because of growing concerns over the outlook for Canada's economy and fears of a housing bubble that could end in a U.S.-style meltdown.

These fears appear to be overblown because of Canada's tighter regulatory standards, far lower

volumes of substandard loans, and greater household wealth. Nevertheless, there are indicators that the market is overheated and a correction is likely, particularly with the impact of the protracted slump in crude. However, this should have little impact on National Bank because its business is focused predominantly on eastern Canada and away from the energy patch.

Furthermore, 45% of its residential mortgage portfolio is insured, and the uninsured portion of its mortgage portfolio has an average loan-to-valuation ratio of around 70%.

There are also worries about its exposure to the beleaguered energy patch, but its total loans to the oil industry amount to a mere 2.7% of the value of its total loans. This is the lowest exposure of any of the major banks and means that any further weakness in crude or the failure of a number of energy companies would have little impact on its balance sheet.

So what?

All three companies offer investors solid long-term growth prospects and juicy yields in excess of 5% with a growing history of dividend hikes. They also possess wide economic moats and operate in highly regulated industries, which helps to protect them from competition, ensuring long-term earnings growth that will support further dividend increases. These characteristics make them highly appealing additions to any portfolio that's focused on income and growth.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
3. TSX:NA (National Bank of Canada)

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