

3 of the Best Small-Cap Dividend Stocks Money Can Buy

Description

If your portfolio lacks yield and you're ready to do something about it, then you've come to the right place. I've scoured the market and selected three of the best small-cap dividend stocks from different industries, so let's take a closer look at each to determine which would be the best fit for your portfolio.

1. North West Company Inc.

North West Company Inc. ([TSX:NWC](#)) is one of the leading retailers of food and everyday products to rural communities and urban neighborhoods in Canada, Alaska, the South Pacific, and the Caribbean. Its banners include Northern, NorthMart, Giant Tiger, Cost-U-Less, and AC Value Center.

It pays a quarterly dividend of \$0.31 per share, or \$1.24 per share annually, which gives its stock a yield of about 4.2% at today's levels.

Investors must also make the following two notes.

First, North West's 6.9% dividend hike in September 2015 has it on pace for fiscal 2016 to mark the fifth consecutive year in which it has raised its annual dividend payment.

Second, I think the company's strong growth of cash flows from operating activities, including its 15.7% year-over-year increase to \$2.73 per share in fiscal 2015, and its low payout ratio, including 43.8% of its cash flows in fiscal 2015, will allow its streak of annual dividend increases to continue for the next several years.

2. Pizza Pizza Royalty Corp.

Pizza Pizza Royalty Corp. ([TSX:PZA](#)) owns the trademarks and other intellectual property associated with the Pizza Pizza and Pizza 73 brands, and it licenses these properties for use in operating and franchising restaurants in Canada for a percentage of sales. It currently has 636 Pizza Pizza restaurants and 100 Pizza 73 restaurants in its royalty pool.

It pays a monthly dividend of \$0.0697 per share, or \$0.8364 per share annually, which gives its stock a yield of about 6.2% at today's levels.

Investors must also make the following two notes.

First, Pizza Pizza's two dividend hikes since the start of 2015, including its 2% hike in April 2015 and its 2.5% hike in November 2015, have it on pace for fiscal 2016 to mark the fifth consecutive year in which it has raised its annual dividend payment.

Second, the company has a target dividend payout of 100% of its adjusted earnings available for shareholder dividends, so I think its very strong growth, including its 12.4% year-over-year increase to \$5.13 million in the first quarter of fiscal 2016, will allow its streak of annual dividend increases to

continue going forward.

3. CT Real Estate Investment Trust

CT Real Estate Investment Trust ([TSX:CRT.UN](#)) is one of Canada's largest owners and operators of commercial real estate. Its portfolio is comprised of 298 predominantly retail properties in every province and two territories that total approximately 21.8 million square feet.

It pays a monthly distribution of \$0.05667 per share, or \$0.68 per share annually, which gives its stock a yield of about 4.4% at today's levels.

Investors must also make the following two notes.

First, CT's 2.6% distribution hike in November 2015, which was effective for its January 2016 payment, has it on pace for fiscal 2016 to mark the third consecutive year in which it has raised its annual distribution.

Second, I think the company's consistent growth of adjusted funds from operations (AFFO), including its 3% year-over-year increase to \$0.206 per share in the first quarter of fiscal 2016, its low payout ratio, including 83% of its AFFO in the first quarter, and its very high 99.9% occupancy rate will allow its streak of annual distribution increases to continue for the next several years.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:NWC (The North West Company Inc.)
2. TSX:PZA (Pizza Pizza Royalty Corp.)

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