2 High-Yielding Dividend-Growth Stocks to Buy Now

Description

As history shows, owning a portfolio of dividend stocks is the best way to build wealth over the long term, and this investment strategy generates the highest returns when you own stocks that grow their dividends over time. It's for these reasons that I think all long-term investors should own dividend-growth stocks, so let's take a look at two with yields of 4-6% that you could buy right now.

1. Genworth MI Canada Inc.

Genworth MI Canada Inc. (TSX:MIC) is the parent company of Genworth Financial Mortgage Insurance Company Canada, which is Canada's largest private residential mortgage insurer with approximately $6.4 billion in assets as of June 30.

It currently pays a quarterly dividend of $0.42 per share, representing $1.68 per share on an annualized basis, and this gives its stock a very high yield of about 4.9% at today's levels. This yield is also very safe when you consider that its net operating income (NOI) totaled $2.07 per share and its dividend payments totaled just $0.84 per share in the first half of 2016, resulting in a very conservative 40.6% payout ratio, which is within its target range of 35-45%.

Investors must also make the following two notes about Genworth's dividend.

First, it has raised its annual dividend payment every year since it went public in 2009, resulting in six consecutive years of increases, and its 7.7% hike in October 2015 has it on pace for 2016 to mark the seventh consecutive year with an increase.

Second, its consistent NOI growth, including its 4.9% year-over-year increase to $4.05 per share in 2015 and its 2.5% year-over-year increase to $2.07 per share in the first half of 2016, could allow its streak of annual dividend increases to continue for many years to come.

2. Granite Real Estate Investment Trust

Granite Real Estate Investment Trust (TSX:GRT.UN)(NYSE:GRP) is one of the world's largest owners and managers of industrial properties. Its portfolio consists of 94 industrial properties, comprising of approximately 29.9 million square feet located across North America and Europe.

It currently pays a monthly distribution of $0.203 per share, representing $2.436 per share on an annualized basis, and this gives its stock a very high yield of about 5.9% at today’s levels. This yield is also very safe when you consider that its funds from operations (FFO) totaled $1.73 per share and its distributions totaled just $1.20 per share in the first half of 2016, resulting in a sound 69.4% payout ratio.

Investors must also make the following two notes about Granite’s distribution.

First, it has raised its annual distribution for five consecutive years, and its 5.7% hike in March has it on pace for 2016 to mark the sixth consecutive year with an increase.

Second, its consistent FFO growth, including its 3.1% year-over-year increase to $3.37 per share in 2015 and its 3% year-over-year increase to $1.73 per share in the first half of 2016, and its very high occupancy rate, including 99% as of March 31, could allow its streak of annual distribution increases to continue for the foreseeable future.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:GRT.UN (Granite Real Estate Investment Trust)

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