

These 2 Dividend Dynamos Just Raised Their Payouts

Description

One of the most successful investment strategies is to buy and hold stocks with track records of dividend growth. This is because a rising dividend is a sign of a very strong business with excellent cash flows and earnings to support increased payouts, and the dividends themselves really add up over time when reinvested.

With all of this in mind, let's take a look at two stocks that raised their dividends in the last week and have track records of doing so, so you can determine if you should invest in one or both of them today.

1. Smart REIT

Smart REIT ([TSX:SRU.UN](#)) is one of Canada's largest owners and managers of commercial real estate. Its portfolio consists of 141 shopping centres and one office property, comprising of approximately 31.3 million square feet located across all 10 provinces, and it has another eight properties under development.

In its second-quarter earnings report on August 4, Smart REIT announced a 3% increase to its monthly distribution to \$0.1417 per share, representing \$1.70 per share on an annualized basis, and this is effective for its October 2016 distribution. This means investors will continue to receive monthly distributions of \$0.1375 per share in August and September, which gives its stock a yield of about 4.4% at today's levels, before being moved up to \$0.1417 per share beginning in October, which would bring its stock's yield to about 4.6% at today's levels.

Investors must also make the following two notes about Smart REIT's distribution.

First, it has raised its annual distribution for two consecutive years, and its two hikes since the start of 2015, including its 3.1% hike in October 2015 and the one noted above, have it on pace for 2016 to mark the third consecutive year with an increase.

Second, its consistently strong growth of adjusted funds from operations, including its 8.2% year-over-year increase to \$1.99 per share in fiscal 2015 and its 11.2% year-over-year increase to \$1.08 per share in the first half of 2016, and its very high occupancy rate, including 98.2% as of June 30, could allow its streak of annual distribution increases to continue for many years into the future.

2. Ritchie Bros. Auctioneers

Ritchie Bros. Auctioneers ([TSX:RBA](#))([NYSE:RBA](#)) is the world's largest industrial equipment auctioneer and one of the world's largest sellers of used equipment for the construction, transportation, agriculture, energy, mining, forestry, and other industries. It has operations in 19 countries, including 45 auction sites, across North America, Europe, the Middle East, Asia, and Australia.

In its second-quarter earnings report on August 8, Ritchie announced a 6.3% increase to its quarterly dividend to US\$0.17 per share, representing US\$0.68 per share on an annualized basis, and this

brings its stock's yield to about 2.1% at today's levels. The first payment at this increased rate will come on September 23 to shareholders of record at the close of business on September 2.

A 2.1% yield may not impress you at first, but it's very important to make the following two notes about Ritchie's dividend.

First, it has raised its annual dividend payment for 12 consecutive years, and its two hikes since the start of 2015, including its 14.3% hike in August 2015 and the one noted above, have it on pace for 2016 to mark the 13th consecutive year with an increase.

Second, it has a target dividend-payout range of 55-60% of its net earnings, so its consistent growth, including its 21.5% year-over-year increase to US\$1.13 per share in fiscal 2015 and its 1.6% year-over-year increase to US\$0.65 per share in the first half of 2016, and its recent acquisitions, including its acquisition of Mascus International in February and its acquisition of Petrowsky Auctioneers earlier this month, which will help drive future growth, could allow its streak of annual dividend increases to continue for many years to come.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:RBA (Ritchie Bros. Auctioneers)
2. TSX:RBA (Ritchie Bros. Auctioneers)
3. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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Date

2025/08/14

Date Created

2016/08/09

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