2 Dividend-Growth Stocks With +4% Yields to Buy Now

Description

One of the most successful investment strategies is to buy and hold stocks with high yields and track records of growing their payouts. 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 with high and safe yields of 4-5%, active streaks of annual increases, and dividend-growth programs in place, so you can determine if you should buy one or both of them today.

1. Emera Inc.

Emera Inc. (TSX:EMA) is one of North America's largest utilities companies with over $27 billion in assets and operations across Canada, the United States, and the Caribbean. Its operations include electricity generation, transmission, and distribution, gas transmission and distribution, and utility energy services, and its subsidiaries include Nova Scotia Power, Emera Maine, TECO Energy, and Emera Utility Services.

Emera currently pays a quarterly dividend of $0.5225 per share, representing $2.09 per share on an annualized basis, and this gives its stock a high yield of about 4.3% at today's levels. This yield is also very safe when you consider that its adjusted net earnings totaled $357.7 million ($2.40 per share) and its dividend payments totaled just $96.6 million ($0.95 per share) in the first half of 2016, resulting in a very conservative 27% payout ratio.

It's also important to make the following two notes about Emera's dividend.

First, it has raised its annual dividend payment for nine consecutive years, and its three hikes since the start of 2015, including its 10% hike last month, have it on pace for 2016 to mark the 10th consecutive year with an increase.

Second, it has a dividend-growth target of 8% annually through 2020, and I think its very strong financial performance, including its 62.9% year-over-year increase in adjusted net earnings to $357.7

million in the first half of 2016, and its landmark acquisition of TECO Energy, which closed on July 1 and is expected to be "materially accretive to earnings and cash in 2017 and beyond," will allow it to achieve this target and extend it beyond 2020.

2. Brookfield Property Partners LP

Brookfield Property Partners LP (TSX:BPY.UN)(NYSE:BPY) is one of the world's largest owners, developers, and managers of commercial real estate with over $66 billion in assets. Its portfolio includes 149 "premier" office properties and 128 "best-in-class" retail malls around the world, and it also holds interests in multi-family, triple net lease, industrial, hospitality, and self-storage assets.

Brookfield currently pays a quarterly distribution of US$0.28 per share, representing US$1.12 per share on an annualized basis, and this gives its stock a high yield of about 4.6% at today's levels. This yield is also very safe when you consider that its funds from operations totaled $467 million ($0.66 per share) and its distributions totaled just $399 million ($0.56 per share) in the first half of 2016, resulting in a sound 85.4% payout ratio.

It's also important to make the following two notes about Brookfield's distribution.

First, it raised its annual distribution rate for the first time in 2015, and its 5.7% hike in February of this year has it on pace for 2016 to mark the second consecutive year with an increase.

Second, it has a long-term distribution-growth target of 5-8% annually, and I think its very strong financial performance, including its 23.2% year-over-year increase in funds from operations to $467 million in the first half of 2016, and the continued success of its "active capital management" strategy, in which it has been "recycling capital from mature, stabilized properties into higher-returning investments," could allow it to achieve this target for many years into the future.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:BPY.UN (Brookfield Property Partners)
2. TSX:EMA (Emera Incorporated)

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Date
2025/07/20
Date Created
2016/08/10
Author
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