



2 High-Quality +3% Yielders to Buy Now

Description

As a dividend investor, I'm always on the lookout for stocks that can boost my portfolio's returns and, after a recent search of several industries, **Algonquin Power & Utilities Corp.** ([TSX:AQN](#)) and **First Capital Realty Inc.** (TSX:FCR) caught my eye. Let's take a closer look at each, so you can determine if you should buy one or both of them today.

1. Algonquin Power & Utilities Corp.

Algonquin Power & Utilities Corp., or APUC, is a North American diversified generation, transmission, and distribution utility. Its subsidiaries include Algonquin Power Company, which has ownership interests in 33 clean-energy facilities across Canada and the United States, and Liberty Utilities, which provides water, electricity, and gas utility services to over 560,000 customers in 11 U.S. states.

It has experienced very strong growth over the last several years, and it has not slowed down in 2016, as its adjusted earnings before interest, taxes, depreciation, and amortization rose 26.4% year over year to \$247.2 million, its adjusted funds from operations rose 17.5% year over year to \$0.74 per share, and its adjusted net earnings rose 24% year over year to \$0.31 per share in the first half of the year.

APUC's growth prospects are also very strong going forward, as it successfully commissioned a major wind facility in July, it is on track to commission a wind facility and a solar facility in the second half of 2016, and it expects to commission three wind facilities by the conclusion of 2018.

It's also expected to close its acquisition of **Empire District Electric Co.**, an electric, natural gas, and water utilities company serving 218,000 customers in United States, in early 2017. These new assets will immediately be accretive to APUC's cash flows, which will allow it to fund more projects and acquisitions in the years ahead.

Its very strong cash flows allows it to pay a quarterly dividend of US\$0.1059 per share, representing US\$0.4235 per share on an annualized basis, and this gives its stock a yield of about 4.5% at today's levels.

APUC's strong financial growth has allowed it to raise its dividend in each of the last five years, and its two hikes since the start of 2015, including its 10% hike in May of this year, have it on pace for 2016 to mark the sixth consecutive year with an increase. It also has a long-term dividend-growth target of 10% annually, and its aforementioned projects and acquisitions could allow it to generate the cash flows to do so for the foreseeable future.

2. First Capital Realty Inc.

First Capital Realty, or FCR, is one of Canada's largest owners, developers, and managers of grocery-anchored, retail-focused urban properties. It has ownership interests in 161 properties, comprising of approximately 25.2 million square feet.

It has experienced steady growth over the last few years, and it has continued this trend in 2016, with its net operating income up 2% year over year to \$210.6 million, its adjusted funds from operations up 6.1% year over year to \$129.2 million, and its adjusted funds from operations per share up 3.9% year over year to \$0.54 in the first half of the year.

FCR's growth in the first half of the year was helped by its addition of four net new properties, its total portfolio occupancy improving to 95.2% from 94.7%, and its average rent per occupied square foot increasing 1.8% to \$19.04 compared with the year-ago period.

FCR's strong generation of adjusted funds from operations allows it to pay a quarterly dividend of \$0.215 per share, representing \$0.86 per share on an annualized basis, which gives its stock a yield of about 3.8% at today's levels.

Its steady financial growth has also allowed it to consistently grow its dividend, as it has done so each of the last four years, and it's well positioned to continue this streak in 2016 and beyond. Investors should look for it to announce a hike when it reports its third-quarter earnings results in November.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:AQN (Algonquin Power & Utilities Corp.)
2. TSX:FCR.UN (First Capital Real Estate Investment Trust)

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Author

jsolitro

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