



## Get Rich Slowly With These 2 Top Dividend Stocks

### Description

As history has shown, owning a portfolio of dividend-paying stocks is the best way to build wealth over the long term, and this investment strategy is most successful when you own stocks that grow their dividends over time.

Let's take a closer look at why **Thomson Reuters Corp.** ([TSX:TRI](#))(NYSE:TRI) and **Brookfield Infrastructure Partners L.P.** ([TSX:BIP.UN](#))([NYSE:BIP](#)) would make great additions to your portfolio today.

#### Thomson Reuters Corp.

Thomson Reuters is the world's leading source of intelligent information for businesses and professionals. Intelligent information is "a unique synthesis of human intelligence, industry expertise, and innovative technology that provides decision-makers with the knowledge to act, enabling them to make better decisions faster."

One of Thomson Reuters's key attributes is that approximately 87% of its revenue is recurring thanks to its predominantly subscription-based product offerings, and this results in strong and consistent cash flows, allowing it to return a significant amount of cash to its shareholders in the form of quarterly dividends.

It currently pays a quarterly dividend of US\$0.34 per share, representing US\$1.36 per share on an annualized basis, and this gives its stock a yield of about 3.3% at today's levels.

Its dividend is supported by its free cash flow. In the first half of 2016 Thomson Reuters's free cash flow totaled US\$748 million, and its dividend payments totaled just US\$497 million, resulting in a solid 66.4% payout ratio.

Thomson Reuters also has a long track record of growing its dividend. It has raised its annual dividend payment for 22 consecutive years, and its 1.5% hike in February has it on pace for 2016 to mark the 23rd consecutive year with an increase.

I think its consistent growth of free cash flow, including its 24.6% year-over-year increase to US\$1.8 billion in fiscal 2015 and 16.1% year-over-year increase to US\$748 million in the first half of 2016, will allow its streak of annual dividend increases to continue going forward.

### **Brookfield Infrastructure Partners L.P.**

Brookfield is one of the world's largest owners and operators of high-quality, long-life infrastructure assets. Its portfolio is spread across five continents and includes the following:

- **Utilities:** An electricity and natural gas distribution business with approximately 2.6 million connections, an electricity-transmission business with approximately 11,100 kilometres of transmission lines, and a regulated terminal.
- **Transportation:** Rail operations with approximately 10,000 kilometres of track, 19 toll roads totaling approximately 3,600 kilometres, and 33 port terminals.
- **Energy:** Energy transmission, distribution, and storage operations with approximately 15,000 kilometres of natural gas pipelines and approximately 600 billion cubic feet of natural gas storage capacity, and district energy operations that deliver heating and cooling to customers from centralized systems.
- **Communications:** Tower operations with approximately 7,000 multi-purpose towers and active rooftop sites.

The highlight of Brookfield's business model is that approximately 90% of its assets are regulated or contracted, resulting in stable and predictable cash flows, and this allows it to pay out the majority of its cash flows to its shareholders via quarterly distributions.

Brookfield currently pays a quarterly distribution of \$US0.59 per unit, representing US\$2.36 per unit on an annualized basis, which gives its stock a yield of about 4.9% at today's levels.

Its distribution is easily covered by its cash flows. In the first half of 2016 Brookfield's funds from operations (FFO) totaled US\$464 million (US\$2.02 per unit) and its distributions totaled just US\$306 million (US\$1.14 per unit), resulting in a 65.9% payout ratio, which is in line with its target payout range of 60-70%.

On top of having a 4.9% yield, Brookfield has shown a strong dedication to growing its distribution. It has raised its annual distribution for six consecutive years, and its two hikes since the start of the year, including its 3.5% hike last month, have it on pace for 2016 to mark the seventh consecutive year with an increase.

It also has a long-term distribution-growth target of 5-9% annually, and I think its consistently strong FFO growth, including its 11.6% year-over-year increase to US\$808 million (US\$3.59 per unit) in fiscal 2015 and its 17.8% year-over-year increase to US\$464 million (US\$2.02 per unit) in the first half of 2016, will allow it to achieve this target for decades.

### **CATEGORY**

1. Dividend Stocks
2. Investing

## POST TAG

1. Editor's Choice

## TICKERS GLOBAL

1. NASDAQ:TRI (Thomson Reuters)
2. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
3. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
4. TSX:TRI (Thomson Reuters)

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### Date

2025/07/05

### Date Created

2016/09/01

### Author

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