2 Top Dividend Stocks for Long-Term Investors

Description

One of the most well-known facts about investing is that dividend-paying stocks far outperform non-dividend-paying stocks over the long term. It's for this reason that all long-term investors should own at least one dividend-paying stock, and, depending on your age, investment goals, and risk tolerance, maybe even a diversified portfolio full of them.

Let's take a closer look at why **Canadian Imperial Bank of Commerce** (TSX:CM)(NYSE:CM) and **Brookfield Property Partners LP** (TSX:BPY.UN)(NYSE:BPY) would make great additions to your portfolio today.

Canadian Imperial Bank of Commerce

CIBC is Canada's fifth-largest bank with approximately $494.49 billion in assets as of July 31. It provides a full range of financial products and services to 11 million clients in Canada and around the world.

CIBC currently pays a quarterly dividend of $1.21 per share, representing $4.84 per share on an annualized basis, which gives its stock a very high yield of about 4.65% at today's levels.

Its dividend is supported by its earnings. In the first nine months of fiscal 2016, CIBC's adjusted net earnings attributable to common shareholders totaled $3.02 billion ($7.62 per share), and its dividend payments totaled just $1.4 billion ($3.54 per share), resulting in a 46.4% payout ratio, and this is within its target range of 40-50%.

CIBC is also one of the market's top dividend-growth stocks. It has raised its dividend 12 times since the start of 2011, including seven increases in the last eight quarters, which puts it on pace for 2016 to mark the sixth consecutive year in which it has raised its annual dividend payment.

As mentioned before, CIBC has a long-term target dividend-payout range of 40-50% of its net earnings, so I think its consistent growth, including its 5.6% year-over-year increase to an adjusted $3.76 billion ($9.45 per share) in fiscal 2015 and its 7% year-over-year increase to an adjusted $3.02 billion ($7.62 per share) in the first nine months of 2016, will allow its streak of annual dividend increases to continue for the foreseeable future.

Brookfield Property Partners LP

Brookfield is a global commercial property company that owns, operates, and invests in best-in-class office, retail, multifamily, industrial, hotel, triple net lease, and self-storage assets. Its US$66 billion portfolio includes 149 premier office properties, comprising of approximately 101 million square feet in gateway markets around the world, and 128 best-in-class retail malls, comprising of approximately 125 million square feet located throughout the United States.

Brookfield pays a quarterly distribution of US$0.28 per unit, representing US$1.12 per unit on an annualized basis, and this gives its stock a very high yield of about 4.8%.

Brookfield's distribution is supported by its cash flows. In the first half of 2016, its funds from operations (FFO) totaled US$467 million (US$0.66 per unit), and its distributions totaled just US$399 million (US$0.56 per unit), resulting in an 85.4% payout ratio, which is very close to its target of 80%.

On top of having a yield of nearly 5%, Brookfield offers distribution growth. It raised its distribution by 5.7% in February, putting it on pace for 2016 to mark the second consecutive year in which it has raised its annual distribution, and it has a long-term distribution-growth target of 5-8% annually.

I think Brookfield's consistently strong FFO growth, including its 13.5% year-over-year increase to US$839 million (US$1.18 per unit) in fiscal 2015 and its 23.2% year-over-year increase to US$467 million (US$0.66 per unit) in the first half of 2016, will allow it to achieve its distribution-growth target for many years into the future.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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2. TSX:BPY.UN (Brookfield Property Partners)
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Date
2025/07/21
Date Created
2016/09/06
Author
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