2 Top Dividend-Growth Stocks to Buy Today

Description

Investing in dividend-growth stocks is one of the most powerful and time-proven strategies to build wealth.

Let's take a closer look at why **Laurentian Bank of Canada** (TSX:LB) and **Brookfield Renewable Partners LP** (TSX:BEP.UN)(NYSE:BEP) should be two of your top picks today.

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Laurentian Bank of Canada

Laurentian Bank is one of Canada's leading providers of banking services to individuals, small- and medium-sized enterprises, and independent advisors, and it operates as a full-service brokerage firm. Overall, it's one of the country's largest financial institutions with approximately $40.3 billion in assets as of July 31.

Laurentian Bank currently pays a quarterly dividend of $0.60 per share, representing $2.40 per share on an annualized basis, and this gives its stock a high yield of about 4.8% at today's levels.

Its earnings support its dividend. In the first nine months of fiscal 2016, Laurentian Bank's adjusted net earnings available to common shareholders totaled $127.43 million, and its dividend payments totaled just $53.37 million, resulting in a 41.9% payout ratio, which is at the low end of its target range of 40-50%.

Not only does Laurentian Bank offer a high and safe dividend yield, but it also offers dividend growth. It has raised its annual dividend payment for eight consecutive years, giving it a longer active streak than **Royal Bank of Canada**, **Toronto-Dominion Bank**, **Bank of Nova Scotia**, **Bank of Montreal**, **Canadian Imperial Bank of Commerce**, and **National Bank of Canada**, and its recent hikes have it on pace for 2016 to mark the ninth consecutive year with an increase.

I think Laurentian Bank's consistent earnings growth will allow its streak of annual dividend increases to continue for many years to come, making it one of the best high-yield and dividend-growth plays in the banking industry.

Brookfield Renewable Partners LP

Brookfield is one of the world's largest owners and operators of renewable energy infrastructure. Its US$28 billion portfolio includes 260 predominantly hydroelectric power-generation facilities located across 15 power markets in North America, South America, and Europe that have a total capacity of 10,700 megawatts.

Brookfield pays a quarterly distribution of US$0.445 per unit, representing US$1.78 per unit on an annualized basis, which gives its stock a very high yield of about 5.7% at today's levels.

Brookfield's distribution is supported by its cash flows. In the first half of 2016 its funds from operations totaled US$292 million and its distributions totaled just US$250 million, resulting in a sound 85.6% payout ratio. It's also worth noting that approximately 90% of Brookfield's cash flows are contracted with creditworthy counterparties, giving it one of the safest cash flow profiles in the industry.

On top of having a high and safe yield, Brookfield has consistently grown its distribution. It has raised its distribution every year since it became a publicly traded entity in 2011, including a compound annual growth rate of 6.5% in that span, which puts it on pace for 2016 to mark the fifth consecutive year in which it has raised its annual distribution.

Brookfield also has a long-term distribution-growth target of 5-9% annually, and I think its strong organic cash flow growth and its growing portfolio will allow it to achieve this target for decades, making it one of the best investment options in the energy sector today.

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CATEGORY

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TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
3. TSX:LB (Laurentian Bank of Canada)

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jsolitro

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