



2 Great Dividend Stocks Yielding 4-7% to Pounce On Today

Description

If you're on the hunt for a great dividend stock, then you've come to the right place.

Let's take a closer look at why **Pattern Energy Group Inc.** (TSX:PEG)(NASDAQ:PEGI) and **CT Real Estate Investment Trust** ([TSX:CRT.UN](#)) are two of my top picks today.

Pattern Energy Group Inc.

Pattern is one of the largest generators of wind power in North and South America. It has a portfolio of 17 wind power facilities, including one it has committed to acquire, with a total owned interest of 2,554 megawatts (MW) in the United States, Canada, and Chile.

All of Pattern's facilities have contracted to sell all or most of its energy output using long-term, fixed-price power-sale agreements, which results in stable and predictable cash flows, and this allows it to return a significant amount of cash to its shareholders each quarter.

Pattern currently pays a quarterly dividend of US\$0.40 per share, representing US\$1.60 per share on an annualized basis, giving its stock a juicy 6.8% yield at today's levels.

Its cash flows more than cover its dividend. In the first half of 2016, Pattern's cash available for distribution (CAFD) totaled US\$76.52 million, and its dividend payments totaled just US\$56.1 million, resulting in a healthy 73.3% payout ratio, which is below its payout target of 80%.

On top of offering a high and safe yield, Pattern represents one of the market's top dividend-growth opportunities. It has raised its dividend for 10 consecutive quarters, and it's currently on pace for 2016 to mark the third consecutive year in which it has raised its annual dividend payment.

As mentioned before, Pattern has a target payout of 80% of its CAFD, so I think its very strong growth, including its 105.1% year-over-year increase to US\$75.52 million in the first half of 2016, and its projected 35-57% year-over-year increase to US\$125-145 million in the full year of fiscal 2016, and its growing energy portfolio, including its 11.9% year-over-year increase in total owned capacity to 2,554 MW, will allow its streak of quarterly and annual dividend increases to continue for the next several

years.

CT Real Estate Investment Trust

CT is one of Canada's largest owners and operators of commercial real estate. Its portfolio consists of 301 predominantly retail properties, comprising of approximately 22.9 million square feet located across every province and two territories.

CT's portfolio currently has a 99.7% occupancy rate, a weighted-average remaining lease term of 12.7 years, and an investment-grade anchor tenant in **Canadian Tire**, and all of this results in stable and predictable cash flows, allowing it to pay monthly distributions to its shareholders.

CT currently pays a monthly distribution of \$0.05667 per unit, representing \$0.68 per unit on an annualized basis, which gives its stock a yield of about 4.6% today.

Confirming the safety of CT's 4.6% yield is very easy; all you have to do is make sure that its adjusted funds from operations (AFFO) meet or exceed its dividend payments in the most recent period provided. In the first half of 2016, its AFFO totaled \$80.9 million (\$0.417 per unit), and its distributions totaled just \$65.03 million (\$0.34 per unit), resulting in a conservative 80.4% payout ratio.

Like Pattern Energy, CT has shown a dedication to growing its distribution. It has raised its annual distribution for two consecutive years, and its 2.6% hike in January has it on pace for 2016 to mark the third consecutive year with an increase.

I think CT's strong financial performance, including its 9.2% year-over-year increase in AFFO to \$89.9 million in the first half of 2016, and its growing portfolio, including its addition of 14 net new properties so far in 2016, will allow its streak of annual distribution increases to continue for many years into the future.

Is one a better buy than the other?

Pattern Energy and CT REIT both offer high and safe yields, have track records of dividend growth, and have the ability to continue growing their payouts going forward, so I think both are strong buys today.

However, if I had to choose just one, I'd go with Pattern Energy, because it has a higher yield and a very impressive streak of quarterly dividend increases.

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