

These +3% Yielders Just Gave Their Shareholders a Raise

Description

Earnings season is in full swing. Not only is it a great time to see the most up-to-date financials of the world's largest companies, but it's also the most popular time for companies to raise their dividends. Let's take a look at two companies that raised their dividends by 6-9% last week, so you can determine if you should invest in one or both of them today.

Home Capital Group Inc.

Home Capital Group Inc. ([TSX:HCG](#)) operates through its principal subsidiary, Home Trust Company, which is a federally regulated trust company that offers a wide range of financial products and services to individuals across Canada.

In its third-quarter earnings report on November 2, Home Capital announced an 8.3% increase to its quarterly dividend to \$0.26 per share, representing \$1.04 per share on an annualized basis, and this brings its stocks' yield to about 3.9% at today's levels. The first payment at this increased rate will come on December 1 to shareholders of record at the close of business on November 15.

Following the upcoming dividend payment, Home Capital will have officially raised its annual dividend payment for 17 consecutive years, and its new quarterly rate puts it on pace for 2017 to mark the 18th consecutive year with an increase.

Even though Home Capital has posted a disappointing financial performance so far in 2016, it's still highly profitable and has very strong cash flows, so I think its streak of annual dividend increases will continue through 2020 at least, making it a great long-term investment opportunity for dividend investors.

Morguard North American Residential REIT

Morguard North American Residential REIT ([TSX:MRG.UN](#)) is one of North America's largest residential landlords. Its portfolio consists of 46 properties, including 15 apartment communities in Canada and 31 apartment communities in the United States, which have a total of 13,472 residential suites.

In its third-quarter earnings report on November 1, Morguard announced a 6.7% increase to its monthly distribution to \$0.05333 per unit, representing \$0.64 per unit on an annualized basis, which brings its yield to about 4.8% today. The first payment at this increased rate will come on December 15 to shareholders of record at the close of business on November 30.

Investors should note that the distribution increase Morguard just announced puts it on pace for 2016 to mark the first year in which it has raised its annual distribution since its initial public offering in 2012, and it also happens to put it on pace for 2017 to mark the second consecutive year with an increase.

Morguard has been on a tear in 2016, and I do not see its growth slowing up anytime soon, so I think

its streak of annual distribution increases could very well continue in 2018 and beyond, making it a very attractive investment opportunity today.

Is one a better buy than the other?

I think both Home Capital Group and Morguard North American Residential REIT are great buys today, but if I had to choose just one, I'd go with Morguard because of its very strong growth rate and because it has a much higher yield.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:HCG (Home Capital Group)
2. TSX:MRG.UN (Morguard North American Residential Real Estate Investment Trust)

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