Kick Off 2017 by Investing in These Dividend Dynamos

Description

If you want to kick off the new year by adding a high-quality dividend stock to your portfolio, then you've come to the right place. Let's take a closer look at two with high and safe yields over 3% that you could buy right now.

Bank of Montreal

Bank of Montreal (TSX:BMO)(NYSE:BMO), or BMO for short, is the fourth-largest bank in Canada and the eighth-largest bank in North America with about $688 billion in assets. It provides a broad range of personal and commercial banking, wealth management, and investment banking products and services to more than 12 million customers across Canada, the U.S., and around the world.

BMO currently pays a quarterly dividend of $0.88 per share, representing $3.52 per share on an annualized basis, which gives its stock a rich 3.6% yield today.

It may not seem completely necessary to confirm the safety of a 3.6% yield, especially when it comes to BMO, since it's one of Canada's most well known and trusted brands, but I think investors should always do so anyways, and you can do this by checking its earnings. In its fiscal year ended on October 31, 2016, its adjusted basic earnings per share totaled $7.55, and its dividend payments per share totaled just $3.40, resulting in a rock-solid 45% payout ratio.

In addition to its high and safe yield, BMO offers dividend growth. Fiscal 2016 officially marked the fifth consecutive year in which it has raised its annual dividend payment, and its recent hikes, including its 2.3% hike last month, have it positioned for fiscal 2017 to mark the sixth consecutive year with an increase.

Investors must also note that BMO has a long-term target dividend-payout range of 40-50% of its adjusted basic earnings per share, so I think its continually strong growth, including its 7.5% year-over-year increase to the aforementioned $7.55 in fiscal 2016, could allow its streak of annual dividend increases to continue for decades.

Brookfield Property Partners LP

Brookfield Property Partners LP (TSX:BPY.UN)(NYSE:BPY) is one of the world's largest commercial real estate companies. Its portfolio consists of approximately US$66 billion in real estate assets, including 149 "premier" office properties and 126 "best-in-class" retail malls, located across more than 30 countries around the world.

Brookfield currently pays a quarterly distribution of US$0.28 per unit, representing US$1.12 per unit on an annualized basis, which gives its stock a very generous 5.1% yield today.

It's very easy to confirm the safety of Brookfield's distribution by checking its cash flow. In its nine-month period ended on September 30, its funds from operations (FFO) totaled US$0.98 per unit, and its distributions totaled just US$0.84 per unit, resulting in a healthy 85.7% payout ratio.

Like BMO, Brookfield has been growing its distribution, as fiscal 2016 marks the second consecutive year in which it has raised its annual payment. It also has a long-term distribution-growth target of 5-8% annually, and I think its consistently strong FFO growth, including its 16.7% year-over-year increase to the aforementioned $0.98 per unit in the first nine months of 2016, could allow it to achieve this growth target through 2020 at the very least.

Is one a better buy today?

BMO and Brookfield Property Partners both offer high, safe, and growing dividends, making them strong buys in my book. With this being said, I do not prefer one to the other, so I would either buy both or flip a coin to pick between them.

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2. TSX:BMO (Bank Of Montreal)
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jsolitro