2 Dividend Stocks to Buy Now and Hold for Decades

Description

Dividend stocks are the foundation of great portfolios, because as history has shown, they far outperform their non-dividend-paying counterparts over the long term. With this in mind, let's take a closer look at two high-quality dividend stocks that you could buy right now and hold for decades.

Manulife Financial Corp.

Manulife Financial Corp. (TSX:MFC)(NYSE:MFC) is one of the largest financial services groups in the world with approximately $966 billion in assets under management. It operates as John Hancock in the United States and Manulife elsewhere, providing financial advice, insurance, and wealth- and asset-management solutions to individuals, groups, and institutions.

Manulife currently pays a quarterly dividend of $0.185 per share, representing $0.74 per share on an annualized basis, which gives its stock a solid 3% yield today.

It may not seem completely necessary to confirm the safety of a 3% yield, especially when it comes to Manulife, since it's one of the world's largest and most respected financial services companies, but I think investors should always do so anyways. You can do this by checking its earnings. In its nine-month period ended on September 30, its common shareholders' net income totaled $2.77 billion, and its dividend payments totaled just $1.07 billion, resulting in a very conservative 38.6% payout ratio.

Manulife also offers dividend growth. Fiscal 2016 officially marks the third consecutive year in which it has raised its annual dividend payment, and I think its very strong financial performance, including its 48.9% year-over-year increase in common shareholders' net income to the aforementioned $2.77 billion in the first nine months of 2016, could allow its streak of annual increases to continue in 2017 and beyond.

Brookfield Infrastructure Partners L.P.

Brookfield Infrastructure Partners L.P. (TSX:BIP.UN)(NYSE:BIP) is one of the world's largest owners and operators of infrastructure. Its portfolio of assets includes utilities, electricity transmission lines, rail tracks, ports, toll roads, pipelines, and communication towers, which are located across North

America, South America, Europe, Australia, and India.

Brookfield currently pays a quarterly distribution of US$0.39 per unit, representing US$1.56 per unit on an annualized basis, and this gives its stock a beautiful 4.6% yield today.

Confirming the safety of Brookfield’s 4.6% yield is very easy; all you have to do is check its cash flow. In its nine-month period ended on September 30, its funds from operations (FFO) totaled $699 million ($2.02 per unit), and its distributions totaled just $466 million ($1.15 per unit), resulting in a 66.7% payout ratio, which is within its target range of 60-70%.

On top of having a high and safe yield, Brookfield is one of the best distribution-growth plays around. Fiscal 2016 officially marks the seventh consecutive year in which it has raised its annual distribution, and its recent hikes, including its 3.5% hike in August, have it on pace for fiscal 2017 to mark the eighth consecutive year with an increase.

Brookfield’s distribution-growth potential is very high going forward as well. It has a long-term distribution-growth target of 5-9% annually, and I think its continually strong FFO growth, including its 15.7% year-over-year increase to the aforementioned $699 million in the first nine months of 2016, and its growing portfolio, including its expected commissioning of US$1.5 billion worth of assets over the next 12-18 months, will allow it to achieve this growth target through 2025 at the very least.

Which is the better buy right now?

I think both Manulife and Brookfield represent great long-term investment opportunities, but if I had to choose just one to invest in today, I’d go with Brookfield because it has a much higher yield and stronger growth prospects going forward.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. NYSE:MFC (Manulife Financial Corporation)
3. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
4. TSX:MFC (Manulife Financial Corporation)

PARTNER-FEEDS

1. Msn
2. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Tags

1. Editor's Choice

Date
2025/09/11
Date Created
2017/01/05
Author
jsolitro