2 Excellent Dividend Stocks to Consider Today

Description

If you're on the prowl for a high-quality dividend stock, then I've got two that you will love. Let's take a closer look at each, so you can determine which would be the best fit for your portfolio.

Canadian Imperial Bank of Commerce

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM), or CIBC for short, is the fifth-largest bank in Canada as measured by assets with approximately $501.36 billion in total as of October 31, 2016. It provides a wide range of financial products and services to more than 11 million clients in Canada, the U.S., and around the world.

CIBC currently pays a quarterly dividend of $1.24 per share, representing $4.96 per share on an annualized basis, which gives its stock a juicy 4.4% yield today.

CIBC's +4% yield is one of the safest that you will find in the market, because its earnings easily support it. In its fiscal year ended on October 31, 2016, its adjusted net earnings totaled $4.05 billion ($10.22 per share), and its dividend payments totaled just $1.88 billion ($4.75 per share), resulting in a very healthy 46.4% payout ratio, which is below its target payout of 50%.

If having a high and safe yield over 4% is not enough to have you salivating over CIBC, it's also one of the market's best dividend-growth stocks. It has raised its dividend eight times in the last nine quarters with fiscal 2016 officially marking the sixth consecutive year in which it has raised its annual dividend payment, and its numerous hikes in 2016 have it positioned for fiscal 2017 to mark the seventh consecutive year with an increase.

As mentioned previously, CIBC has a target dividend payout of approximately 50% of its adjusted net earnings, so I think its consistent growth, including its 7.6% year-over-year increase to $4.05 billion in fiscal 2016, and its growing asset base that will help fuel future growth, including its 8.2% year-over-year increase to $501.36 billion in fiscal 2016, will allow its streak of annual increases to continue through 2025 at the very least.

Valener Inc.

Valener Inc. (TSX:VNR) is a publicly traded entity that holds a 29% ownership stake in Gaz Métro and a 24.5% ownership stake in Seigneurie de Beaupré Wind Farms. Gaz Métro is the largest natural gas distributor in Québec, the sole natural gas distributor in Vermont, and the largest electricity distributor in Vermont, and Seigneurie de Beaupré Wind Farms is one of Canada's largest producers of wind power.

Valener currently pays a quarterly dividend of $0.28 per share, representing $1.12 per share on an annualized basis, and this gives its stock a very generous 5.3% yield today.

Confirming the safety of Valener's dividend is very easy; all you have to do is check its earnings. In its fiscal year ended on September 30, 2016, its adjusted net income totaled $49.9 million ($1.30 per share), and its dividend payments totaled $41.2 million ($1.08 per share), resulting in a sound 82.6% payout ratio.

Like CIBC, Valener offers dividend growth in addition to its high and safe yield. Fiscal 2016 officially marked the second consecutive year in which it has raised its annual dividend payment, and its 3.7% hike in November has it on pace for fiscal 2017 to mark the third consecutive year with an increase.

Valener's dividend growth will continue in 2018 as well, because it has a program in place. Its program calls for a dividend increase of approximately 4% in 2018, which would bring its annual rate to about $1.16 per share, and I think its very strong financial performance, including its 10.4% year-over-year increase in adjusted net income to $49.9 million in fiscal 2016, will allow it to achieve this growth target and extend it beyond 2018.

Is one a better buy right now?

I think both CIBC and Valener represent great long-term investment opportunities for dividend investors, but if I had to choose just one to invest in today, I'd go with CIBC because of its very impressive track record of dividend growth.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. TSX:CM (Canadian Imperial Bank of Commerce)

PARTNER-FEEDS

1. Msn

2. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Tags

1. Editor's Choice

Date
2025/07/07
Date Created
2017/01/06
Author
jsolitro