2 Top Dividend Stocks for Any Investor

Description

Dividend stocks should be core holdings in every investor's portfolio, 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 stocks with high and safe yields over 3% that you could add to your portfolio today.

Telus Corporation

Telus Corporation (TSX:T)(NYSE:TU) is Canada's third-largest and fastest-growing national telecommunications company with approximately 12.67 million subscriber connections.

It currently pays a quarterly dividend of $0.48 per share, representing $1.92 per share on an annualized basis, which gives its stock a whopping 4.4% yield today.

Telus is one of the safest +4% yielders you will find, because its earnings easily support its dividend. In its fiscal year ended on December 31, 2016, its adjusted net earnings totaled $2.39 per share, and its dividend payments totaled just $1.84 per share, resulting in a sound 77% payout ratio, which is only slightly above its target payout range of 65-75%.

In addition to offering a high and safe 4.4% yield, Telus is one of the best dividend-growth stocks in the market today. It has raised its annual dividend payment each of the last 13 years, and its two hikes in 2016, including its 4.6% hike in May and its 4.3% hike in November, have it positioned for 2017 to mark the 14th consecutive year with an increase.

Telus's dividend growth will continue going forward as well, because it has a program in place to do so. Its program calls for annual dividend growth of 7-10% by announcing hikes in May and November each year, so investors should look for its next hike when it reports its first-quarter results in May.

Canadian REIT

Canadian REIT (TSX:REF.UN), or CREIT for short, is one of Canada's largest owners and managers of real estate. It holds ownership interests in 203 retail, industrial, office, residential, and development properties located across seven provinces in Canada and one U.S. state that total approximately 25.4 million square feet of gross leasable area.

CREIT currently pays a monthly distribution of $0.1525 per unit, representing $1.83 per unit on an annualized basis, and this gives its stock an attractive 3.7% yield today.

Confirming the safety of CREIT's yield is very easy; all you have to do is check its cash flow. In its fiscal year ended on December 31, 2016, its adjusted funds from operations (AFFO) totaled $2.53 per unit, and its cash distributions totaled just $1.82 per unit, resulting in a conservative 71.9% payout ratio.

CREIT is also the top distribution-growth play in its industry. It has raised its annual distribution for 15 consecutive years, the longest active streak for a public REIT in Canada, and its 1.7% hike in May has it on pace for 2017 to mark the 16th consecutive year with an increase.

I think CREIT's distribution growth will continue in the years ahead as well. I think its strong AFFO growth, including its 4.5% year-over-year increase to $2.53 per unit in 2016, and its growing portfolio that will help fuel future AFFO growth, including its addition of six net new properties in 2016, will allow its streak of annual distribution increases to continue through 2025 at the very least.

Is one a better buy today?

Both Telus and CREIT offer high, safe, and growing dividends, making them strong buys in my mind. With this being said, I do not prefer one to the other, so I would either buy both or flip a coin to decide between them.

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jsolitro