2 Recent Dividend Hikes You Should Note

Description

One of the most successful investment strategies is to buy and hold stocks with track records of dividend growth. This is because a rising dividend is a sign of a very strong business with excellent cash flows and earnings to support increased payouts, and the dividends themselves really add up over time when you reinvest them.

With this in mind, let's take a look at two stocks that raised their dividends by 4-23% over the last week and have active streaks of annual increases, so you can determine if you should add one of them to your portfolio today.

Equitable Group Inc.

Equitable Group Inc. (TSX:EQB) is a fast-growing financial services business that operates through its wholly owned subsidiary, Equitable Bank. Equitable bank is Canada's ninth-largest independent Schedule I bank, offering a suite of residential lending, commercial lending, and savings solutions to Canadians.

In its fourth-quarter earnings release on February 16, Equitable Bank announced a 4.5% increase to its quarterly dividend to $0.23 per share, representing $0.92 per share on an annualized basis, which gives its stock a yield of about 1.3% today.

Here are three more notes to make about Equitable Group's new dividend.

First, the first quarterly payment at the increased rate will be made on April 6 to shareholders of record at the close of business on March 10.

Second, this is the 10th time Equitable Group has raised its dividend in the last six years, putting it on pace for 2017 to mark the seventh consecutive year in which it has raised its annual dividend payment.

Third, I think its very strong growth of earnings available to common shareholders, including its 10.3% year-over-year increase to $133.57 million in 2016, and its ultra-conservative payout ratio, including a mere 9.5% of its earnings available to common shareholders in 2016, will allow its streak of annual dividend increases to continue for the next decade at least.

Maple Leaf Foods Inc.

Maple Leaf Foods Inc. (TSX:MFI) is Canada's largest consumer packaged-meats company. Its flagship brands include Maple Leaf, Schneiders, and Maple Leaf Prime, and its regional brands include Swift, Larsen, Shopsy's, Cappola, and Mitchell's. It has operations across the country and exports to over 20 global markets, including the United States and Asia.

In its fourth-quarter earnings release on February 22, Maple Leaf announced a 22.2% increase to its quarterly dividend to $0.11 per share, representing $0.44 per share on an annualized basis, and this brings its stock's yield up to about 1.5% today.

Investors must also make the following three notes about Maple Leaf's new dividend.

First, the first quarterly installment at the increased rate is payable on March 31 to shareholders of record at the close of business on March 10.

Second, this hike has Maple Leaf on pace for 2017 to mark the third consecutive year in which it has raised its annual dividend payment.

Third, I think its very strong financial performance, including its 112.1% year-over-year increase in adjusted earnings per share to $1.23 and its 124.1% year-over-year increase in operating cash flow to $357.16 million in 2016, will allow its streak of annual dividend increases to continue through 2020 at the very least.

Should you add one of them to your portfolio?

Equitable Group and Maple Leaf Foods may not have high yields, but they are great long-term dividend-growth plays, so take a closer look at each and consider adding one of them to your portfolio today.

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1. TSX:MFI (Maple Leaf Foods Inc.)

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