These 2 Stocks Just Gave Their Shareholders Another Raise

Description

Two of Canada's largest public companies just made very shareholder-friendly moves and raised their dividends. Let's take a closer look at each, so you can decide if you should invest in one or both of them today.

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 $513.3 billion in total as of January 31. It offers a full range of financial products and services to 11 million individual, small business, commercial, corporate, and institutional clients in Canada, the United States, and around the world.

In its first-quarter earnings release on February 23, CIBC announced a 2.4% increase to its quarterly dividend to $1.27 per share, representing $5.08 per share on an annualized basis, and this brings its yield up to about 4.3% today. The first quarterly installment at this increased rate is payable on April 28 to shareholders of record at the close of business on March 28.

Investors must also make the following two notes.

First, CIBC has now raised its dividend nine times in the last 10 quarters, and its most recent hikes have it on pace for 2017 to mark the seventh consecutive year in which it has raised its annual dividend payment.

Second, CIBC has a dividend-payout target of approximately 50% of its adjusted net earnings, so I think its continual growth, including its 13.3% year-over-year increase to $2.89 per share in the first quarter of 2017, will allow its streak of annual dividend increases to continue for decades.

CCL Industries Inc.

CCL Industries Inc. (TSX:CCL.B) is the world's largest label company, providing innovative solutions to the home and personal care, food and beverage, healthcare, automotive, electronics and consumer durables, and retail and apparel markets worldwide.

In its fourth-quarter earnings release on February 23, CCL announced a 15% increase to its quarterly dividend to $0.575 per share, representing $2.30 per share on an annualized basis, and this gives its stock a yield of about 0.8% at today's levels. The first quarterly payment at the increased rate will be made on March 31 to shareholders of record at the close of business on March 17.

CCL does not have a high yield, so investors need to make the following two notes.

First, this hike has CCL positioned for 2017 to mark the 15th consecutive year in which it has raised its annual dividend payment.

Second, it has a dividend-payout target of 25% of its adjusted net earnings, so I think its consistently strong growth, including its 32.5% year-over-year increase to a record $11.41 per share in 2016, will allow its streak of annual dividend increases to continue through 2020 at the very least.

Which is the better buy right now?

I think both CIBC and CCL Industries represent very attractive long-term investment opportunities, but if I had to choose just one to invest in today, I'd go with CIBC, because it has a much higher yield and similar dividend-growth prospects going forward.

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1. Dividend Stocks
2. Investing

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