



2 Dividend-Growth Stars Just Extended Their Streaks

Description

Earnings season is here. Not only is it a great time to see the most up-to-date financials of the world's largest companies, but it's also the most popular time for companies to raise their dividends.

Let's take a closer look at two companies that did just that to the tune of 2-20%, so you can determine if you should invest in one of them today.

Gildan Activewear Inc.

Gildan Activewear Inc. ([TSX:GIL](#))([NYSE:GIL](#)) is one of world's largest manufacturers and distributors of apparel, including T-shirts, fleece, sport shirts, underwear, socks, hosiery, and shapewear. Its company-owned brands include Gildan, Gold Toe, Anvil, Comfort Colors, Alstyle, Secret, MediPeds, and Kushyfoot.

In its fourth-quarter earnings release on February 24, Gildan announced a 19.9% increase to its quarterly dividend to US\$0.0935 per share, representing US\$0.374 per share on an annualized basis, which brings its yield up to about 1.5% at today's levels. The first quarterly installment at this increased rate is payable on April 3 to shareholders of record at the close of business on March 9.

Gildan does not have a high yield, so it's crucial to make the following two notes.

First, it has raised its annual dividend payment in each of the last four years, and this hike has it positioned for 2017 to mark the fifth consecutive year with an increase.

Second, I think its incredibly strong growth of free cash flow, including its 150.9% year-over-year increase to a record US\$398.4 million in 2016 and its projection of over \$400 million in 2017, will allow its streak of annual dividend increases to continue for another five years at least.

Chartwell Retirement Residences

Chartwell Retirement Residences ([TSX:CSH.UN](#)) is Canada's largest owner and operator of senior residences. Its portfolio consists of 188 communities, including 133 fully owned, 46 partially owned,

and nine managed communities, which have a total of 26,441 suites and are located across Ontario, Quebec, British Columbia, and Alberta.

In its fourth-quarter earnings release on February 23, Chartwell announced a 2.5% increase to its monthly distribution to \$0.048 per unit, representing \$0.576 per unit on an annualized basis, and this brings its stock's yield up to about 3.7% today. The first monthly installment at this increased rate is payable on April 17 to unitholders of record at the close of business on March 31.

It's also important to make the following two notes about Chartwell's new distribution.

First, it has raised its annual distribution for two consecutive years, and this hike has it on pace for 2017 to mark the third consecutive year with an increase.

Second, I think Chartwell's very strong financial performance, including its 13.3% year-over-year increase in adjusted funds from operations (AFFO) to \$0.85 per unit in 2016, and its massively improved dividend-payout ratio, including 65.4% of its AFFO in 2016 compared with 72.6% in 2015, will allow its streak of annual distribution increases to continue in 2018 and beyond.

Should you prefer one to the other?

Gildan and Chartwell both represent attractive long-term investment opportunities, but if I had to choose just one to invest in today, I'd go with Chartwell, because it has a much higher yield and is in an industry that is experiencing incredible growth due to the aging Canadian population.

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