2 Dividend-Growth Studs Just Raised Their Rates Again

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 they are reinvested.

With this in mind, let's take a look at two stocks that raised their dividends by 2-3% earlier this week and have active streaks of annual increases, so you can determine if you should invest in one of them today.

Canadian Apartment Properties REIT

Canadian Apartment Properties REIT (TSX:CAR.UN), or CAPREIT for short, is one of Canada's largest owners and operators of residential real estate. As of December 31, 2016, its portfolio consisted of ownership interests in 48,767 residential units, comprising of 42,316 apartment and townhome suites and 6,451 land-lease sites at 31 manufactured home communities, which are located in and around major urban centres across Canada.

In its fourth-quarter earnings release on February 27, CAPRREIT announced a 2.4% increase to its monthly distribution to $0.1067 per unit, representing $1.28 per unit on an annualized basis, and this brings its yield up to about 4% today. The first monthly installment at this increased rate is payable on April 17 to unitholders of record as at March 31.

Investors should also make the following two notes.

First, CAPREIT has raised its annual distribution each of the last five years, and its two hikes in the last 10 months, including its 2.5% hike in June 2016 and the one noted above, have it on pace for 2017 to mark the sixth consecutive year with an increase.

Second, it has a target payout range of 70-80% of its normalized funds from operations, so I think its consistently strong growth, including its 4.7% year-over-year increase to $1.772 per unit in 2016, will allow its streak of annual distribution increases to continue through 2020 at the very least.

Bank of Nova Scotia

Bank of Nova Scotia (TSX:BNS)(NYSE:BNS) is Canada's third-largest bank with approximately $887 billion in assets as of January 31. It provides a wide range of financial products and services to individuals, small- and medium-sized businesses, corporations, and governments across Canada and around the world.

In its first-quarter earnings release on February 28, Bank of Nova Scotia announced a 2.7% increase to its quarterly dividend to $0.76 per share, representing $3.04 per share on an annualized basis, and this brings its stock's yield up to about 3.9% at today's levels. The first quarterly installment at this new rate is payable on April 26 to shareholders of record as of April 4.

It's also important to make the following two notes.

First, it has raised its annual dividend payment for six consecutive years, and its two hikes in the last eight months, including its 2.8% hike in August and the one noted above, have it positioned for 2017 to mark the seventh consecutive year with an increase.

Second, Bank of Nova Scotia has a target payout range of 40-50% of its net income attributable to common shareholders, so I think its continued growth, including its 10.3% year-over-year increase to $1.91 billion in the first quarter of fiscal 2017, will allow its streak of annual dividend increases to continue for the next decade at least.

Which should you buy today?

I think both CAPREIT and Bank of Nova Scotia represent fantastic long-term investment opportunities today, so take a closer look at each and strongly consider adding at least one of them to your portfolio.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. TSX:BNS (Bank Of Nova Scotia)
3. TSX:CAR.UN (Canadian Apartment Properties Real Estate Investment Trust)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Tags

1. Editor's Choice

Date
2025/08/19
Date Created

2017/03/02

Author

jsolitro