

## 2 Excellent High-Yield Dividend Stocks to Buy Now

### Description

If your portfolio lacks yield and you're ready to do something about it, then you've come to the right place. Let's take a closer look at two quality stocks with high and safe yields of 4% or more that you could buy right now.

#### National Bank of Canada

**National Bank of Canada** ([TSX:NA](#)) is the largest bank in Quebec and the sixth-largest bank in Canada as measured by assets with approximately \$234.12 billion as of January 31. It offers a full range of financial products and services to retail, commercial, corporate, and institutional clients in Canada, the U.S., and around the world.

National Bank currently pays a quarterly dividend of \$0.56 per share, representing \$2.24 per share on an annualized basis, which gives its stock a sweet 4% yield today.

It may not seem completely necessary to confirm the safety of National Bank's 4% yield since it's one of Canada's most well-known and trusted brands, but I urge investors to always do so anyways, and you can do this by checking its dividend payments as a percentage of its earnings. In its three-month period ended on January 31, its adjusted diluted earnings per share totaled \$1.35, and its dividends paid per share totaled just \$0.56, resulting in a 41.5% payout ratio, which is at the low end of its target payout range of 40-50%.

In addition to being a high and safe yielder, National Bank is a dividend-growth star. It has raised its annual dividend payment for six consecutive years, and its two hikes in the last 10 months, including its 1.9% hike in June 2016 and its 1.8% hike in December 2016, have it on pace for 2017 to mark the seventh consecutive year with an increase.

I think National Bank's dividend growth will continue in the years ahead as well. I think its strong earnings growth, including its 15.4% year-over-year increase to an adjusted \$1.35 per share in the first quarter of 2017, and its growing asset base that will help drive future earnings growth, including its 6.8% year-over-year increase to \$234.12 billion in the first quarter, will allow its streak of annual dividend increases to continue for another seven years at least.

#### Extendicare Inc.

**Extendicare Inc.** ([TSX:EXE](#)) is one of Canada's leading providers of care and services for seniors through its network of 111 operated senior care and living centres, 65 of which are company-owned and 46 of which are managed locations. It's also one of the country's leading providers of home health care and one of the leading providers of management and group purchasing services to other companies in the senior care industry.

Extendicare pays a monthly dividend of \$0.04 per share, representing \$0.48 per share on an

annualized basis, and this gives its stock a lavish 4.6% yield today.

All you have to do to confirm the safety of this 4.6% yield is check Extendicare's dividend payments as a percentage of its adjusted funds from operations (AFFO). In its fiscal year ended on December 31, 2016, its AFFO totaled \$0.736 per share, and its dividend payments totaled just \$0.48 per share, resulting in a sound 65.2% payout ratio.

On top of having a high and safe yield, Extendicare is known as being a very reliable income provider, because it has paid dividends every month since January 2007 and maintained its current monthly rate since May 2013.

I think Extendicare will continue to be a reliable source of income going forward as well. I think its strong AFFO growth, including its 27.1% year-over-year increase to \$0.736 per share in 2016, its wildly improved payout ratio, including 65.2% in 2016 compared with 82.9% in 2015, and the fast-growing demand for senior care services, which can be attributed to Canada's aging population, will allow it to maintain its current monthly rate for decades, or allow it to announce a slight hike whenever its management team so chooses.

### **Which should you buy today?**

I think National Bank and Extendicare represent very attractive long-term investment opportunities, so take a closer look at each and strongly consider investing in at least one of them today.

### **CATEGORY**

1. Dividend Stocks
2. Investing

### **POST TAG**

1. Editor's Choice

### **TICKERS GLOBAL**

1. TSX:EXE (Extendicare Inc.)
2. TSX:NA (National Bank of Canada)

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