2 High-Yield Dividend-Growth Stocks to Buy Now

Description

If you're on the hunt for great dividend stocks to add to your portfolio, then you've come to the right place. Let's take a closer look at two +4% yielders that you could buy right now.

Brookfield Infrastructure Partners L.P.

Brookfield Infrastructure Partners L.P. (TSX:BIP.UN)(NYSE:BIP) is one of the largest owners and operators of critical and diverse global infrastructure networks. Its portfolio includes electricity transmission lines, natural gas transmission lines and storage facilities, rail tracks, ports, toll roads, and communication towers, which are located across North America, South America, Europe, Australia, and India.

Brookfield currently pays a quarterly distribution of US$0.435 per unit, representing US$1.74 per unit on an annualized basis, which gives its stock a mouth-watering 4.6% yield today.

default watermark

It's important to always confirm the safety of a stock's dividend before investing, and you can do this with Brookfield by checking its distributions as a percentage of its funds from operations (FFO). In its fiscal year ended on December 31, 2016, its FFO totaled US$944 million (US$2.72 per unit), and its distributions totaled just US$628 million (US$1.55 per unit), resulting in a 66.5% payout ratio, which was within its target range of 60-70%.

With its high yield being confirmed as safe, the next important factor we will look at is Brookfield's dedication to growing its distribution. It has raised its annual distribution in each of the last seven years, and its two hikes in the last eight months, including its 3.5% hike in August and its 10.6% hike last month, have it on pace for 2017 to mark the eighth consecutive year with an increase.

If having a high, safe, and growing distribution were not enough to have you salivating over Brookfield, then the fact that it has a distribution-growth program in place will. It has a long-term distribution-growth target of 5-9% annually, and I think its strong FFO growth, including its 3.9% year-over-year increase to US$2.39 per unit in 2015 and its 13.8% year-over-year increase to US$2.72 per unit in 2016, and its ongoing expansion efforts that will help fuel future FFO growth, including its roughly US$2.4 billion of capital that will be commissioned through 2020, will allow it to achieve this target into the late 2020s at the very least.

Genworth MI Canada Inc.

Genworth MI Canada Inc. (TSX:MIC), through its wholly owned subsidiary, Genworth Financial Mortgage Insurance Company Canada, is the largest private residential mortgage insurer in Canada. It provides mortgage default insurance to residential mortgage lenders, which makes homeownership more accessible to first-time homebuyers.

Genworth currently pays a quarterly dividend of $0.44 per share, representing $1.76 per share on an annualized basis, and this gives its stock a juicy 4.8% yield at today's levels.

You can confirm the safety of Genworth's 4.8% yield by checking its dividend payments as a percentage of its net operating income (NOI). In its fiscal year ended on December 31, 2016, its NOI totaled $388 million ($4.23 per share), and its dividend payments totaled just $156.1 million ($1.70 per share), resulting in a 40.2% payout ratio, which was within its target range of 35-45%.

Like Brookfield, Genworth offers dividend growth along with a high and safe yield. It too has raised its annual dividend payment for seven consecutive years, and its 4.8% hike in November has it positioned for 2017 to mark the eighth consecutive year with an increase.

I think Genworth's dividend growth will continue in the years ahead as well. As mentioned previously, it has a target payout range of 35-45% of its NOI, so I think its consistently strong growth, including its 4.9% year-over-year increase to $4.05 per share in 2015 and its 4.4% year-over-year increase to $4.23 per share in 2016, and its growing asset base which will help drive future NOI growth, including its 6% year-over-year increase to $6.61 billion in 2016, will allow its streak of annual dividend increases to continue for another eight years or more.

Which should you buy today?

Brookfield Infrastructure Partners and Genworth MI Canada offer high, safe, and growing dividends, making them strong buys in my book. All Foolish investors should take a closer look at each and strongly consider investing in at least one of them today.

default watermark

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Tags

1. Editor's Choice

Date
2025/07/07
Date Created
2017/03/24
Author
jsolitro

default watermark

default watermark