3 Dividend Stocks to Put on Your Shopping List

Description

If you're on the prowl for a dividend stock to add to your portfolio, then I've got three I think you will love. Let's take a closer look at each, so you can determine if you should invest in one of them today.

Morguard North American Residential REIT

Morguard North American Residential REIT (TSX:MRG.UN) is one of the largest residential landlords in the United States and Canada. It holds ownership interests in 46 residential properties, including 31 apartment communities in the U.S. and 15 apartment communities in Canada, which have a total of over 13,000 units.

Morguard currently pays a monthly distribution of $0.05333 per unit, representing $0.64 per unit on an annualized basis, and this gives it a yield of about 4.3% at today's levels.

Having a yield over 4% may have earned Morguard a spot on your buy list already, but you should also make the following two notes.

First, Morguard raised its monthly distribution by 6.7% in November, which led to 2016 marking the first year in which it had raised its annual distribution since its IPO in 2012 and also put it on pace for 2017 to mark the second consecutive year with an increase.

Second, I think Morguard's incredibly strong growth of funds from operations, including its 25.4% year-over-year increase to $0.84 per unit in 2015 and its 15.5% year-over-year increase to $0.97 per unit in 2016, and its vastly improved dividend-payout ratio, including 61.3% of its AFFO in 2016 compared with 70.5% in 2015, could allow its streak of annual distribution increases to easily continue through 2020.

Rogers Sugar Inc.

Rogers Sugar Inc. (TSX:RSI) holds all of the common shares of Lantic Inc., which is one of Canada's leading refiners, processors, distributors, and marketers of sugar products. Its sugar products are marketed primarily under the Rogers trade name and include granulated, icing, cube, yellow, and brown sugars, as well as liquid and specialty sugars.

Rogers pays a quarterly dividend of $0.09 per share, representing $0.36 per share on an annualized basis, and this gives its stock a yield of approximately 5.8% today.

Investors should also make the following two notes about Rogers's dividend.

First, it has maintained its current annual dividend rate since fiscal 2013 and paid out an annual dividend of at least $0.34 per share since it converted to a conventional corporation in 2011, which means it's a very reliable dividend payer.

Second, I think Rogers's very strong growth of free cash flow, including its 9.1% year-over-year increase to $41.22 million in fiscal 2016, and its 10.2% year-over-year increase to $14.67 million in the first quarter of 2017, and the ongoing improvement of its dividend-payout ratio, including 57.7% of its free cash flow in the first quarter of 2017 compared with 82% in fiscal 2016, will allow it to maintain its current annual dividend rate for decades or allow it to announce a hike in the very near future.

Rogers Communications Inc.

Rogers Communications Inc. (TSX:RCI.B)(NYSE:RCI) is one of the largest diversified communications and media companies in Canada. It's one of the country's leading providers of wireless communications services, one of its leading providers of cable television, high-speed internet, and telephony services, and one of its leading providers of media services, such as radio and television broadcasting, sports, televised and online shopping, magazines, and digital media.

Rogers pays a quarterly dividend of $0.48 per share, representing $1.92 per share on an annualized basis, which gives its stock a yield of about 3.3% at today's levels.

Rogers may have the lowest yield of the three stocks named in this article, but it's very important to make the following two notes.

First, it has raised its annual dividend payment 11 times in the last 12 years, including a streak of 11 consecutive years that ended in 2016 when it only matched its annual payment of $1.92 from 2015.

Second, I think Rogers's consistent growth of free cash flow, including its 1.7% year-over-year increase to $1.71 billion in 2016, and its projected 2-4% year-over-year increase in 2017, and its improved dividend-payout ratio, including 57.9% of its free cash flow in 2016 compared with 58.9% in 2015, will allow it to maintain its current annual dividend rate for the foreseeable future, or allow it to announce another hike whenever its management team so chooses.

Which should you buy today?

Morguard, Rogers Sugar, and Rogers Communications would make great additions to any portfolio, so take a closer look at each and consider initiating positions in one of them today.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:RCI (Rogers Communications Inc.)
2. TSX:MRG.UN (Morguard North American Residential Real Estate Investment Trust)
3. TSX:RCI.B (Rogers Communications Inc.)
4. TSX:RSI (Rogers Sugar Inc.)

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