



2 Quality Dividend-Growth Stocks I'd Buy Today

Description

Investing in dividend-growth stocks, especially when you enroll in a dividend reinvestment program (DRIP), is one of the most powerful methods to build wealth over the long term. With this in mind, let's take a look at two quality dividend-growth stocks that you could invest in today.

Brookfield Renewable Partners LP

Brookfield Renewable Partners LP ([TSX:BEP.UN](#))([NYSE:BEP](#)) is one of the world's leading owners, operators, and developers of renewable power-generation facilities. Its portfolio currently consists of 262 predominantly hydroelectric facilities located across North America, South America, and Europe that have a total installed capacity of approximately 10,731 megawatts.

Brookfield currently pays a quarterly distribution of US\$0.4675 per unit, representing US\$1.87 per unit on an annualized basis, which gives its stock a yield of about 6.2% at today's levels.

On top of having a juicy 6.2% yield, Brookfield is one of the best distribution-growth plays in the renewable energy industry. It has raised its annual distribution each of the last five years, including a compound annual growth rate of about 7% in that span, and its 5.1% hike in February has it positioned for 2017 to mark the sixth consecutive year with an increase.

I think Brookfield's distribution growth will continue for many years to come as well. It has a distribution-growth target of 5-9% annually, and I think its very strong financial performance, including its 26.3% year-over-year increase in adjusted EBITDA to \$1.49 billion and its 7.6% year-over-year increase in normalized funds from operations to \$1.83 per unit in 2016, and its growing asset base that will help fuel future growth, including its addition of 3,447 megawatts of capacity in 2016 and the +6,000 megawatts of capacity in its development pipeline, will allow it to achieve its distribution-growth target for another six years at least.

Jean Coutu Group PJC Inc.

Jean Coutu Group PJC Inc. (TSX:PJC.A) is one of Canada's largest franchisors of pharmacies. It operates a network of 418 stores located across Quebec, New Brunswick, and Ontario under the

banners of PJC Jean Coutu, PJC Linique, PJC Santé, and PJC Santé Beauté. It also owns Pro Doc Ltd., which is a manufacturer of generic drugs.

Jean Coutu currently pays a quarterly dividend of \$0.12 per share, representing \$0.48 per share on an annualized basis, and this gives it a yield of approximately 2.4% today.

Jean Coutu may have a much lower yield than Brookfield, but it makes up for this with a longer streak of annual dividend increases. It has raised its annual dividend payment for nine consecutive fiscal years, and its 9.1% hike in April 2016 has it on pace for fiscal 2017 to mark the 10th consecutive year with an increase.

I think Jean Coutu's impressive streak of annual dividend increases can continue going forward too. I think its strong growth of operating cash flow, including its 3.4% year-over-year increase to \$157.4 million in the first 39 weeks of fiscal 2017, and its prudent dividend-payout ratio, including 42.2% of its operating cash flow in the first 39 weeks of fiscal 2017, will allow its streak of annual dividend increases to continue for another decade.

Which of these dividend growers should you buy today?

I think Brookfield Renewable Partners and Jean Coutu Group are two of the best dividend-growth opportunities in their respective industries, so take a closer look at each and strongly consider making one of them a core holding today.

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1. Dividend Stocks
2. Investing

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