



2 Notable Dividend Hikes From the Week of April 24

Description

Earnings season is here, and not only is it a great time to see the most up-to-date financials of the world's largest companies, but it's also the most popular time for companies to raise their dividends. Let's take a closer look at two companies that did just that to the tune of 4-10%, so you can determine if you should invest in one of them today.

Choice Properties REIT

Choice Properties Real Est Invstmnt Trst ([TSX:CHP.UN](https://www.tsx.com/stocks/CHP)) is one of the largest commercial REITs in Canada. It owns and manages a portfolio of 536 properties, including 518 retail properties, 14 industrial properties, one office property, and three development properties, which are located across the country and total about 43.7 million square feet of gross leasable area.

In its first-quarter earnings release on April 24, Choice announced a 4.2% increase to its monthly distribution to \$0.06167 per unit, equal to \$0.74 per unit on an annualized basis, and this brings its yield up to about 5.3% at today's levels.

Investors must also make the following three notes about Choice's new distribution.

First, this increase is effective for its May 31 distribution, which is payable on June 15.

Second, Choice has raised its distribution three times since the start of 2016, which puts it on pace for 2017 to mark the second consecutive year in which it has raised its annual distribution, and the hike it just announced also puts it on pace for 2018 to mark the third consecutive year with an increase.

Third, I think the company's very strong financial performance, including its 15.9% year-over-year increase in adjusted cash flow from operations (ACFO) to \$90.78 million in the first quarter of 2017, and its vastly improved payout ratio, including 80.3% of its ACFO in the first quarter compared with 87.3% in the year-ago period, will allow its streak of annual distribution increases to continue in 2019 and beyond.

Methanex Corporation

Methanex Corporation ([TSX:MX](#))([NASDAQ:MEOH](#)) is the world's largest producer and supplier of methanol with an estimated 14% share of the global market. It has production facilities around the world and a presence in all major international markets.

In its first-quarter earnings release on April 26, Methanex announced a 9.1% increase to its quarterly dividend to US\$0.30 per share, equal to US\$1.20 per share on an annualized basis, which brings its yield up to about 2.7% today.

Investors should also make the following three notes about Methanex's new dividend.

First, the first quarterly payment at the increased rate will likely be made on June 30 to shareholders of record at the close of business on June 16.

Second, this dividend hike puts Methanex on pace for 2017 to mark the seventh consecutive year in which it has raised its annual dividend payment.

Third, I think its very strong financial performance, including its 215.3% year-over-year increase in operating cash flow to \$220.65 million in the first quarter of 2017, and the growing global demand for methanol that will fuel future growth, including the compound annual growth rate (CAGR) of about 7% from 2011 to 2016 and the estimated 5% CAGR for 2016-2020, will allow its streak of annual dividend increases to easily continue into the 2020s.

Which of these dividend growers belongs in your portfolio?

I think Choice Properties REIT and Methanex represent great investment opportunities for long-term investors, so take a closer look at each and consider adding one of them to your portfolio today.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NASDAQ:MEOH (Methanex Corporation)
2. TSX:CHP.UN (Choice Properties Real Estate Investment Trust)
3. TSX:MX (Methanex Corporation)

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