



2 Top Stocks to Buy With Dividends Yielding 4-8%

Description

Dividend stocks are the foundation of great portfolios, because as history has shown, they far outperform non-dividend-paying stocks over the long term. With this in mind, let's take a closer look at two high-quality dividend stocks that you could buy today and hold for decades.

Pattern Energy Group Inc.

Pattern Energy Group Inc. (TSX:PEG)(NASDAQ:PEGI) is one of the world's largest independent producers of wind power. As of March 31, its portfolio consisted of 18 wind power facilities with a total owned interest of 2,644 megawatts in the U.S., Canada, and Chile.

Pattern Energy currently pays a quarterly dividend of US\$0.418 per share, representing US\$1.672 per share on an annualized basis, which gives it a yield of about 7.4% today.

On top of being a bonafide high yielder, Pattern Energy is quickly becoming one of the market's top dividend-growth stocks. It has raised its annual dividend payment every year since its initial public offering in 2013, resulting in three consecutive years of increases, and its most recent hikes, including its 1.4% hike in March and its 1% hike in May, have it positioned for 2017 to mark the fourth consecutive year with an increase. It's also important to note that it has raised its dividend for 13 consecutive quarters.

I think Pattern Energy will continue to provide its shareholders with a high and growing dividend in the future too. It has a dividend-payout target of 80% of its cash available for distribution (CAFD), so I think its consistently strong growth, including its 10.1% year-over-year increase to US\$45.15 million in the first quarter of 2017 and its projected 5-24% year-over-year increase to US\$140-165 million in the full year of 2017, and its strategic growth initiatives that will help fuel future CAFD growth, including its targeted 89.1% increase in owned capacity to 5,000 megawatts by 2020, will allow its streak of quarterly and annual dividend increases to easily continue into the 2020s.

Bank of Nova Scotia

Bank of Nova Scotia ([TSX:BNS](#))([NYSE:BNS](#)) is the third-largest bank in Canada as measured by

assets with approximately \$921.65 billion as of April 30. It provides a wide range of financial products and services to about 23 million customers in Canada, the U.S., and in other countries around the globe.

Bank of Nova Scotia currently pays a quarterly dividend of \$0.76 per share, equal to \$3.04 per share on an annualized basis, and this gives its stock a yield of about 4% today.

Like Pattern Energy, Bank of Nova Scotia has also shown a strong dedication to growing its dividend. It has raised its annual dividend payment for six consecutive years, and its two hikes in the last 12 months, including its 2.8% hike in August 2016 and its 2.7% hike in February of this year, have it positioned for 2017 to mark the seventh consecutive year with an increase.

I think Bank of Nova Scotia is a top pick for dividend growth going forward as well. It has a target dividend-payout range of 40-50% of its net income attributable to common shareholders, so I think its very strong growth, including its 20.3% year-over-year increase to \$3.87 billion in the first half of fiscal 2017, and its growing asset base that will help drive future net income growth, including its 3% year-over-year increase to \$921.65 billion in the first half, will allow its streak of annual dividend increases to continue for decades.

Which of these top dividend stocks belongs in your portfolio?

I think Pattern Energy and Bank of Nova Scotia represent fantastic investment opportunities for long-term investors, so take a closer look at each and strongly consider making at least one of them a core holding today.

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