

2 Top Dividend-Growth Stocks Yielding 4-6%

Description

Buying and holding dividend-growth stocks is one of the most powerful ways to ratchet up the long-term returns of your portfolio. With this in mind, let's take a look at two with yields of 4-6% that you could buy right now.

National Bank of Canada

National Bank of Canada ([TSX:NA](#)) is the largest bank in Quebec and the sixth-largest bank in Canada as measured by assets with about \$239.02 billion as of April 30. It offers a wide range of financial products and services to individual and corporate clients in Canada, the United States, and around the globe.

National Bank currently pays a quarterly dividend of \$0.58 per share, equal to \$2.32 per share on an annualized basis, and this gives it a yield of about 4.3% today.

On top of being a high yielder, National Bank is a dividend-growth star. It has raised its annual dividend payment for six consecutive years, and its recent hikes, including its 1.8% hike in December 2016 and its 3.6% hike last month, have it positioned for 2017 to mark the seventh consecutive year with an increase.

I think National Bank is a safe pick for high yield and dividend growth going forward too. It has a target dividend-payout range of 40-50% of its adjusted net earnings, so I think its very strong growth, including its 49.7% year-over-year increase to an adjusted \$2.65 per share in the first half of fiscal 2017, and its growing asset base that will help fuel future earnings growth, including its 8.3% year-over-year increase to \$239.02 billion in the first half, will allow its streak of annual dividend increases to easily continue into the late 2020s.

Brookfield Renewable Partners LP

Brookfield Renewable Partners LP ([TSX:BEP.UN](#))([NYSE:BEP](#)) owns and operates one of the world's largest renewable power businesses. As of March 31, its portfolio consists of 260 predominantly hydroelectric power-generation facilities located across North America, South America, and Europe which have a total capacity of over 10,600 megawatts.

Brookfield currently pays a quarterly distribution of US\$0.4675 per unit, representing US\$1.87 per unit on an annualized basis, giving it a yield of approximately 5.8% today.

Like National Bank, Brookfield is a dividend-growth star. It has raised its annual dividend payment for five consecutive years, and its 5.1% hike in February has it positioned for 2017 to mark the sixth consecutive year with an increase.

Brookfield will continue to be a reliable source of high yield and distribution growth in the future too. It has a long-term distribution-growth target of 5-9% annually, and I think its very strong financial

performance, including its 9.8% year-over-year increase in normalized funds from operations (NFFO) to US\$0.45 per unit in the first quarter of 2017, and its strategic growth initiatives that will help fuel future NFFO growth, including its 6,000-megawatt development pipeline, will allow it to achieve this growth target for the next decade at least.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
3. TSX:NA (National Bank of Canada)

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