2 Dividend Stocks I'd Buy Right Now

Description

One common mistake some investors make while picking dividend stocks is that they go for juicy yields without thinking too much about the sustainability of those payouts.

This high-yield trap can cost investors heavily if they ignore the company's financial health, its revenue and earning potential, and the competitive landscape in which that business is operating.

When you come across companies offering large dividend yields, always ask yourself if this payout is sustainable and if the company's core businesses are generating cash enough to justify that payout.

If you invest only in companies that are consistently growing earnings and dividends, no matter how big, there is a good chance that you'll minimized the risk of losing your investment.

Today, I've shortlisted two Canadian stocks that don't get as much attention as they deserve because their dividend yields aren't the highest on offer. But these companies have built strong, diversified businesses in different global jurisdictions, providing investors safety and long-term growth potential.

First, let's talk about **Brookfield Infrastructure Partners L.P**. (TSX:BIP.UN)(NYSE:BIP), which operates a very diversified portfolio of assets globally. Its assets range from electricity and gas distribution business in Australia and the U.S., railroads in South America, and a portfolio of 36 ports in North America, Asia Pacific, the U.K., and across Europe.

This diversified network of infrastructure projects helps the company generate sustainable and growing dividends over the long term. With a current yield of 4.3% and a distribution growth target of 5-9% annually, Brookfield Infrastructure offers an attractive opportunity for dividend investors.

One important benefit of investing in global infrastructure operator is that such businesses are generally recession-proof. If you're building a portfolio that can withstand any economic shock, Brookfield infrastructure is a good candidate.

Next up in my list is **Fortis Inc.** (TSX:FTS)(NYSE:FTS), a St. John's-based global utility company which operates in Canada, the U.S., Central America, and the Caribbean.

With $48 billion in total assets, Fortis provide electricity and gas to 3.2 million customers in those regions, generating strong cash flows to distribute among its shareholders. Since 2006, the dividend payment has grown 128%, while the payout ratio remains manageable at 66%.

With a history of 43 years of consecutive hikes in the dividend payment, Fortis stock should continue cranking out cash as it's unlikely that people will stop paying their utility bills.

Fortis’s management is also very transparent in disclosing its future dividend plans. In its dividend guidance provided in 2015, the company expects about 6% growth in annual dividend payments through 2021.

The stock currently yields 3.62%, which may not look too exciting to some investors, but if you’re looking for stable income for the years to come, Fortis stock seems to be the right fit.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. NYSE:FTS (Fortis Inc.)
3. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
4. TSX:FTS (Fortis Inc.)

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