2 Must-Own Dividend-Growth Stocks for Your Retirement Income

Description

Retired investors are always looking for the best places to invest to sustain their portfolio's income-generating power.

Well here are two dividend-paying stocks that have strong current yields and strong growth potential in the short and long term.

The first one, **Labrador Iron Ore Royalty Corporation** (TSX:LIF.UN) has increased its dividend two times in 2017. The company pays a regular quarterly dividend of $0.25 per share, plus special dividends have been paid out when times have been good.

And the good times are now.

The company's dividend yield currently stands at 4.66%. This is just the yield on its regular dividend; it doesn't include any special dividends that are paid out.

But the company paid out a special dividend of $0.35 per share in June, and $0.25 in the first quarter, and if we include these special dividends in our yield calculation, we get a dividend yield of 7.4%.

And the year is not done. I wouldn't rule out additional special dividends, so this yield has upside because these payments will become more frequent as the price of iron ore continues to strengthen.

Iron ore prices are currently north of $60 per tonne.

In February, the commodity was trading at almost $95 per tonne, but it has since come down as fundamentals deteriorated due to increasing supply and signs of weakening demand. This compares to lows of approximately $40 per tonne back in 2015 and, in its heyday, highs of over $180 per tonne.

Prices have certainly been erratic, but Labrador Iron Ore has been a pillar of strength. Being a royalty company, it does not bear the brunt of operating costs, and being a high-quality producer, it prices its iron ore at a significant premium to the market.

Economic growth in China is showing clear strength. China's second-quarter GDP growth came in at 6.9% (compared to the second quarter of 2016) — above expectations and bullish for commodities like iron ore.

Production at the Iron Ore Company of Canada (IOC) has been exceeding expectations, and costs have been coming down nicely, with the company's all-in sustaining costs currently at US$36.41 per tonne. All this is at an operation that produces high-quality iron ore that commands a premium in the marketplace.

With a current dividend yield of 3.72%, **Chartwell Retirement Residences** (TSX:CSH.UN) offers a good yield plus exposure to the aging population.

Lately, the company has been ramping up its acquisition activity, as it aims to capture a larger share of the retirement home market.

Chartwell has increased its distribution three times in the last three years, and as occupancy levels increase (currently at 92.5%) and the company continues to use its strong balance sheet for acquisitions ($210.5 million in acquisitions so far in 2017), we can expect this to continue.

CATEGORY

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks

TICKERS GLOBAL

1. TSX:CSH.UN (Chartwell Retirement Residences)
2. TSX:LIF (Labrador Iron Ore Royalty Corporation)

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