3 High-Yielding Dividend Stocks That Recently Increased Their Payouts

Description

Many companies that issue dividends don't increase their payouts, but the ones that do offer investors a great incentive to hold their shares for many years. Oftentimes, high-yielding stocks are not sustainable, and a growing payout offers you a way to earn a higher yield many years down the road without having to make a high-risk investment.

I'm going to look at three quality dividend stocks that recently hiked payouts and that could be great long-term investment opportunities.

Pembina Pipeline Corp. (TSX:PPL)(NYSE:PBA) recently hiked its dividend by 6%, and monthly payouts of $0.18 are up a penny. It is the second time the company has increased its dividend this year. The dividend is paid monthly and provides investors with an annual return of just over 5%.

Five years ago, payouts were $0.135 and have increased 33% since then for a compounded annual growth rate (CAGR) of 6%. At this rate of growth, it would take 12 years for the company's payouts to double.

What is perhaps most impressive about Pembina is that the company is involved in the energy industry and is impacted by oil prices, yet Pembina has not only been able to maintain its dividend during the downturn, but it's managed to continue to increase its payouts as well.

If oil prices rise and the industry continues to recover, there could be even more opportunities for the company's dividend to grow.

Altagas Ltd. (TSX:ALA) may be involved in the oil and gas industry, but the company's operations are a bit more diversified, and it is less exposed to the price of oil than its peers. Altagas is also a utility provider with more than half a million customers, and it has generation assets that have a capacity of over 1,688 megawatts.

After a strong quarter, the company hiked its monthly dividend from $0.175 to $0.1825 for an increase of 4%. The dividend currently yields investors a return of 7.5% per year. In five years, Altagas has raised its payouts by 52% for a CAGR of 8.7%. At that pace, the company's payouts would double in just over eight years.

Uncertainty in the industry and low oil prices should not deter investors from buying Altagas. In fact, the company's profits in 2016 were higher than in the previous two years combined and slightly higher than net income was in 2013.

Fortis Inc. (TSX:FTS)(NYSE:FTS) announced a 6% hike to its payouts in October, with quarterly dividends rising from $0.40 a share up to $0.425. The company has a strong reputation for growing dividends, and in five years payouts have grown by 42% for a CAGR of 7.2%. This means that it would take a decade for the company's quarterly dividend to double if increases remained consistent.

The utility provider will offer more stability in its top line than the others in this list, and in four years the company's revenue has grown by 87%. Fortis is a great investment to hold for the long term, as its consistency is hard to match; year to date, the share price has already appreciated 14%.

The stock may be a bit expensive, as it is trading near its 52-week high, but over the long term, investors are likely to benefit from both capital appreciation and dividend income, which makes it a very good choice for retirees.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. TSX:ALA (AltaGas Ltd.)
4. TSX:FTS (Fortis Inc.)
5. TSX:PPL (Pembina Pipeline Corporation)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks
2. Energy Stocks
3. Investing

Date
2025/08/25
Date Created
2017/11/06

Author
djagielski