2 S&P/TSX 60 Constituents Raised Their Dividends Last Week

Description

Two of Canada’s largest public companies — **Canadian Tire Corporation Limited** (TSX:CTC.A) and **Inter Pipeline Ltd.** (TSX:IPL) — just rewarded their shareholders by raising their dividends by 3-39%. Let’s take a closer look at each dividend increase, so you can decide if you should invest in one of these stocks today.

Canadian Tire Corporation Limited

Canadian Tire is one of Canada’s largest retailers with a network of over 1,700 stores under many banners, including Canadian Tire, Sport Chek, Sport Experts, Atmosphere, Mark’s, and PartSource. The company also owns an 85.5% effective interest in **CT Real Estate Investment Trust**, which owns and manages over 300 properties totaling approximately 25 million square feet of gross leasable area.

In its third-quarter earnings release on November 9, Canadian Tire announced a 38.5% increase to its quarterly dividend to $0.90 per share, equating to $3.60 per share on an annualized basis, which brings its yield up to about 2.2% at the time of this writing.

It’s important to make the following three notes about Canadian Tire’s new dividend.

First, the first quarterly payment at the increased rate is payable on March 1 to shareholders of record as of January 31.

Second, Canadian Tire’s 13% dividend hike in November 2016 puts it on track for 2017 to mark the seventh consecutive year in which it has raised its annual dividend payment, and the hike it just announced puts it on track for 2018 to mark the eighth consecutive year with an increase.

Third, the company has a target dividend-payout range of 30-40% of its prior year’s normalized earnings, so I think its consistently strong growth, including its 14.3% year-over-year increase to $6.62 per share in the first nine months of 2017 and its targeted annual growth of 10% or more in fiscal years 2018-2020, will allow its streak of annual dividend increases to easily continue into the 2020s.

Inter Pipeline Ltd.

Inter Pipeline is one of the largest owners and operators of energy infrastructure in western Canada and Europe. Its portfolio of assets includes pipelines, offgas extraction facilities, fractionation plants, and petroleum and petrochemical storage terminals.

In its third-quarter earnings release on November 9, Inter Pipeline announced a 3.7% increase to its monthly dividend to $0.14 per share, equating to $1.68 per share on an annualized basis, which brings its yield up to about 6.4% at the time of this writing.

Foolish investors must also make the following three notes about its dividend.

First, the first monthly payment at the increased rate is payable on or about December 15 to shareholders of record at the close of business on November 22.

Second, the company's 3.8% dividend hike in November 2016 puts it in position for 2017 to mark the ninth consecutive year in which it has raised its annual dividend payment, and the hike it just announced puts it in position for 2017 to mark the 10th consecutive year with an increase.

Third, I think Inter Pipeline's consistently strong financial performance, including its 7.3% year-over-year increase in net income to $1.03 per share and its 27.8% year-over-year increase in funds from operations attributable to shareholders to $722.8 million in the first nine months of 2017, will allow it to continue to grow its dividend in 2019 and beyond.

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