

2 Dividend Stocks I'd Buy Right Now

Description

It's always a good idea to ground our portfolios with steady, high-yielding dividend stocks that provide income and downside protection for when things go wrong in the market.

Here are two dividend stocks that have these qualities, and that also have some good growth ahead of them, leaving good potential for continued dividend growth and capital appreciation.

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

And at this time, and for the last while, things have been good. [Buoyed by continued strength in China](#), iron ore prices are currently trading at over \$70 per tonne.

For some perspective on this, in February, the commodity was trading at almost \$95 per tonne, but it has since come down as fundamentals deteriorated in the form of 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. And while iron ore prices have certainly been erratic, 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.

The stock currently has a dividend yield of 4.32%, but if we factor in the special dividend that is sure to come our way, as they have in the past, the actual yield will be much higher.

With a current dividend yield of 4.03%, **Brookfield Infrastructure Partners L.P.** ([TSX:BIP.UN](#))([NYSE:BIP](#)) is a high-yielding play that is set to see continued growth in its dividend in the years ahead.

Investors can have [security with this name and confidence in this dividend](#) by looking at the company's assets, which are long-life assets that provide essential services and which have highly predictable cash flows, as well as its history of dividend increases.

Since 2009, Brookfield has grown its funds from operations by a cumulative average annual growth rate (CAGR) of 24% and its per-unit distribution by a CAGR of 12%.

I don't mean to imply that the past is the best reflection of the future, but this tells us a lot about management's goal of returning capital to shareholders.

And management's plan to target 5-9% annual growth in distributions and long-term ROEs of 12-15% appears highly reliable.

To support these goals, management has a long list of opportunities and ample liquidity to act on them.

CATEGORY

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

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
3. TSX:LIF (Labrador Iron Ore Royalty Corporation)

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