



2 Dividend Stocks to Buy and Hold

Description

[Investing in dividend-paying stocks carries substantial benefits.](#) Dividends are a great way to earn profits without relying on the uncertain possibility of capital appreciation. Naturally, not all dividend-paying stocks are created equal. Investors should look for companies with consistent profits, dividend growth, and a strong economic outlook. Below are two companies that I believe perfectly fit the bill.

Granite Real Estate Investment Trust

Most publicly traded companies are not obligated to pay dividends, but REITs are legally required to distribute most (typically at least 90%) of their annual taxable income to their shareholders as dividends, [making the REIT sector a great one for income-oriented investors.](#)

REITs' revenues are also tied to long-term leases that remain in place regardless of economic conditions. Analysts who follow REITs are generally able to predict quarterly results with uncanny accuracy. In equity markets, greater predictability breeds less volatility. Thus, REITs tend to have less volatile stocks than most other companies.

Granite Real Estate Investment Trust ([TSX:GRT.UN](#))(NYSE:GRP.UN) is an REIT that owns a very diverse pool of estate properties. The company pulls 37% of its rental revenue from logistics, 36% from special-purpose real estate, and 27% from multi-purpose real estate. GRT has a very balanced presence in many countries, with 18% of its revenue coming from Canada, 33% coming from the U.S, and 49% coming from Europe.

GRT currently owns 88 properties, down from 103 in 2015. During the same period, its net income grew by more than 19%, while its EPS jumped by more than 200%. Increasing the number of properties it owns is not necessarily a winning strategy for an REIT. Securing long-term leases and managing them efficiently is just as important. GRT currently has an occupancy rate of more than 98%, with many of its leases – including that of its two largest properties by rental income – secured through 2024.

GRT has raised its dividends every year for the last seven years, and with a current dividend yield of

4.97% and a 20.35% payout ratio, it will likely continue to do so. Given its recent history and current position, GRT is a great buy for investors looking for good dividend-paying stocks.

Telus Corporation

Telus ([TSX:T](#))([NYSE:TU](#)) is one of Canada's largest telecommunication companies. Much like GRT, Telus offers stable and predictable income, most of which come from subscribers to its various services. It is worth noting that Telus, along with **BCE** and **Rogers**, hold 90% of Canada's wireless customers. It is unlikely that any newcomer will significantly change the makeup of this market and pose a threat to any of the big three wireless providers.

Telus is continually adding to its customer base. The company's third-quarter earnings reports revealed a total customer growth of 187,000, with 145,000 of those coming from their wireless division. Wireless penetration in Canada is currently still under 90% (compared to 100% in the USA, for instance). There is undoubtedly room for growth.

The telecom giant's most recent earnings report showed an increase of about 10% in both its revenue and net income. Telus' current dividend yield is 4.3%, and while its 82% dividend payout ratio may seem high, relatively high payout ratios is a feature of the industry. By comparison, BCE (one of Telus' main competitors) currently has a payout ratio of 97%.

Telus is currently in the process of replacing its wireline network from copper infrastructure to the more efficient Fiber-To-The-Home (FTTH). This new setup will reduce cost and allow for higher pricing, thus directly improving the company's profitability. Telus has raised its dividends every year for the past 14 years and has improved its net income by almost 4% over the past 5 years.

With stable profits and strong dividend growth, Telus would be a great addition to your portfolio.

CATEGORY

1. Investing

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2. TSX:GRT.UN (Granite Real Estate Investment Trust)
3. TSX:T (TELUS)

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