Canada's Newest Dividend Aristocrats (Part 2)

Description

In case you missed it, be sure to check out Part 1 of Canada's newest dividend growth stocks. These stocks have achieved Aristocrat status after reaching five consecutive years of dividend growth. Today, we have a wider mix of stocks across multiple sectors.

Manulife Financial Corp (TSX:MFC)(NYSE:MFC)

Manulife is an interesting case. One of the largest insurance companies in the world, this is the second time that Manulife has achieved Dividend Aristocrat status.

Once a reliable dividend payer, the financial crisis forced its hand and Manulife was forced to cut its dividend in half. Overnight, the company's eight-year dividend growth streak came to an end.

Fast forward 10 years later and the company has once again joined Canada's list of most prestigious dividend growth companies. After keeping its quarterly dividend steady at $0.13 for a number of years, it returned to dividend growth in the second quarter of 2014. It has since raised dividend by an average of 18% annually.

The financial crisis was a wake-up call for the entire industry. Manulife has since adapted and is in a much sounder financial position. With a payout ratio of only 38% based on next years' earnings, Manulife is well positioned to extend its dividend growth streak.

Innergex Renewable Energy (TSX:INE)

Innergex is an up-and-coming renewable power producer. It develops, owns, and operates run-of-river hydroelectric facilities, wind farms, solar photovoltaic farms, and geothermal power facilities. It has interests in 68 facilities with installed capacity of 1,725 megawatts (MW).

The company's average dividend growth rate hovers around 3% and isn't expected to jump higher any time soon. However, when combined with its juicy yield above 5%, it makes for an especially attractive income play.

Although its dividend growth rate may be disappointing, it's important to remember that Innergex is investing heavily in new projects. It has a pipeline of prospective projects with net installed capacity of 8,382 MW, which is more than four times its current installed capacity.

Richards Packaging Income Fund (TSX:RPI.UN)

Richards Packaging manufactures and distributes plastic and glass containers, and metal and plastic closures. It also distributes various injection molded containers and packaging systems, and healthcare products. It serves more than 14,000 customers across North America.

As an income fund, Richards Packaging is required to pay out a higher percentage of its distributed cash flow. In Richards' case, it has averaged a payout ratio between 53% and 65% over the past handful of years.

Throughout the last 12 months, its payout ratio (54%) is sitting at the lower end of its average, which means that the company should have plenty of room to continue growing its dividend — a dividend that has been growing by the double digits.

A word of caution, however. Although the company has paid out higher dividends in 2018 than in 2017, it hasn't raised dividends since March of 2017. If it doesn't raise the dividends in 2019, the company will drop off the list.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:MFC (Manulife Financial Corporation)
2. TSX:INE (Innergex Renewable Energy Inc.)
3. TSX:MFC (Manulife Financial Corporation)
4. TSX:RPI.UN (Richards Packaging Income Fund)

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