Income Investors: 2 Stocks That Recently Raised Their Payouts

Description

Stocks that grow their dividends make for very appealing investments over the long haul. A good example of that is **Canadian Tire Corporation Limited** (TSX:CTC.A) which has developed a very strong track record in that area.

Currently, it pays investors a dividend of around 3.1% annually. And while that might not seem terribly high, it's a lot higher than it was just a few years ago.

Quarterly dividend payments of $1.0375 have more than doubled from the $0.50 that was being paid out to investors five years ago. That works out to a compounded annual growth rate (CAGR) of about 16%.

To put into perspective just how big of an impact that has had on the dividend, consider that if the dividend had remained unchanged, the stock would be yielding just 1.5% today.

A dividend that low would have a hard time attracting many income investors. Instead, at over 3%, it becomes a much more formidable investment option for investors that need some recurring cash flow.

Another stock that has raised its payouts over the years is **A and W Revenue Royalties Income Fund** (TSX:AW.UN). The company recently raised its dividend payments from $0.154 every month to $0.159, for a modest increase of 3.2%.

While it hasn't seen the same level of increases that Canadian Tire has seen in recent years, A&W's stock has still averaged a very good CAGR of over 6%.

An important advantage that A&W has over Canadian Tire is that its payouts are made on a monthly basis, which can be very valuable to investors that are on a fixed income or that need payments that are more frequent than every three months.

A&W also pays a higher dividend as well, yielding around 4.4% today, making it a good option for income investors.

And with the stock rising more than 20% over the past 12 months, A&W has not only provided investors with a great dividend, but also an opportunity to profit from a soaring share price as well.

The good news is that there is still a lot of potential for the stock as the A&W brand looks to be as strong as ever.

Ritchie Bros. Auctioneers Inc (TSX:RBA)(NYSE:RBA) also raised its dividend payments recently, increasing them from $0.18 every quarter up to $0.20.

The double-digit increase is not uncommon for the company and payouts have increased by more than 40% since the $0.14 payments that Ritchie Bros was paying five years ago. With a CAGR of around 7.3%, it's a good rate of increase that can help attract investors.

Unfortunately, with a dividend yield of just 1.6%, it's still a fairly low dividend overall. However, like what we've seen with Canadian Tire, that can change in a short amount of time.

While dividend payments generally won't normally fluctuate unless there is a rate hike, the rate of increase is often a lot more volatile.

If a company undergoes a big change or sees its growth prospects getting a lot stronger, it can sometimes result in a significant increase to its dividend payments.

What's important for Ritchie Bros investors to remember is that the company has shown a commitment to creating value. And while it may take a while for the dividend to get up to over 3%, all it takes is one good year or one good quarter to accelerate that.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. NYSE:RBA (Ritchie Bros. Auctioneers)
2. TSX:AW.UN (A&W Revenue Royalties Income Fund)
3. TSX:CTC.A (Canadian Tire Corporation, Limited)
4. TSX:RBA (Ritchie Bros. Auctioneers)

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