Got $3,000? Park it in These 2 Resilient TSX Dividend-Growth Stocks

Description

Dividend-growth stocks on the TSX are ideal investments to own in the pandemic crisis. In volatile times, you want stocks that consistently pay dividends and still grow their businesses. Dividend-growth stocks force management to prudently utilize capital, so it doesn't just grow — it compounds.

The recent wave of dividend reductions and suspensions has demonstrated that cash flow/dividend quality is way more attractive than dividend quantity (i.e., high yield).

Here are two TSX stocks that have a history of dividend growth, strong operations, and capacity for long-term expansion. Both are proving to be pandemic resilient and are great stocks to divide a $3,000 investment into.

$1,500 in this stable multi-family REIT

The first dividend-growth stock that you could deploy $1,500 into is **Minto Apartment REIT** (TSX:MI.UN). Minto has an extremely high-quality portfolio of 7,200 apartment units located in Ottawa, Toronto, Montreal, and Alberta. Minto's apartments are located in high-demand locations that consistently collect strong rental-rate growth.

Minto announced its Q1 results, and despite COVID-19 concerns, its 2020 outlook remains strong. Net operating income (NOI) increased 46% year over year, and same-property NOI increased 4.7%. Adjusted funds from operations increased 73% year over year, and AFFO per share grew 7.3%.

While occupancy fell 150 basis-points, management still saw strong same-property rental growth of 5.9%. Likewise, it noted that collections for April remained in line with historical averages. Management obviously felt confident enough, even in this environment, to raise its dividend 7.3% (its third dividend hike since its IPO in 2018).

This stock has three years of dividend growth

Over the long run Minto stockholders should continue to enjoy the dividend-growth trend. While it only pays a 2.17% yield, this stock has strong internal and external growth potential. It has $199 million of dry powder to invest in developments, new acquisitions, and/or into accretive apartment re-positioning.

Overall, Minto is well equipped to reward shareholders over the long term; it is in the safest real estate sector (multi-family), is in the best locations, and has capacity for expansion. Bet $1,500, and you'll get a solid dividend-growth stock that has strong long-term tailwinds and potential for major share appreciation.

$1,500 in this resilient infrastructure business

Another phenomenal dividend-growth stock to invest $1,500 into is **Brookfield Infrastructure Partners** (TSX:BIP.UN)(NYSE:BIP). Brookfield Infrastructure is one of the top global infrastructure businesses in the world. It owns institutional quality assets like pipelines, railroads, transmission lines, cell towers, and data infrastructure.

BIP demonstrated the resiliency of its business on Friday when it reported its Q1 results. While fund flows from operations (FFO) only grew 2% year over year, the company saw strong 6% organic growth in its continuing operations. Its regulated utilities, energy, and data segments all saw strong (+10%) growth. This was offset by asset dispositions, currency weakness, and low toll and port volumes.

Management seemed very comfortable with its position today. 70% of BIP's operations will be unscathed by the pandemic. Management predicts only 2% of overall cash flows are at risk this year.

This dividend-growth stock has a very strong balance sheet with $4.3 billion in dry powder, which, as with previous recessions, it is patiently waiting to deploy. As the pandemic unfolds, management believes high-quality opportunities should open up. BIP also took advantage of the March stock market crash and deployed $200 million into a number of publicly traded stocks. This may position BIP for some larger transactions in the near future.

This stock has 12 years of compounded dividend growth

BIP also affirmed that the sweet 5.3% distribution is well covered by operating cash flows. The recent dividend payment looks like it was reduced, but the lower amounts is resulting from the recent corporate unit (BIPC) split off. The distribution hasn't changed. In fact, BIP has a history of growing its dividend by a CAGR of 10% since 2008. I don't think that is going to stop anytime soon.

Put $1,500 into this stock, and you'll earn $80 a year in dividends. BIP also has potential to capitalize on this crisis by executing some long-term accretive deals. The stock is cheaper than average here. I don't think you will regret owning this resilient dividend-growth stock 10 or 20 years from now.

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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:MI.UN (Minto Apartment Real Estate Investment Trust)

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