3 Top Dividend Stocks From Edward Jones

Description

In the past five years, no form of investing has gained popularity as much as dividend investing. With record-low interest rates, investors have been searching for yield wherever they can find it, and stocks have often been the best option. If a company generates steady cash flow and pays a steady, rising dividend, why invest in a lower-yielding bond?

Professional wealth managers have certainly caught on, with a more recent example being Edward Jones's *Canadian Strategy Report*. In a recent issue, appropriately titled "The Case for Rising Income", Edward Jones advocates for dividend-paying stocks. The report even shows that reinvested dividends account for over half of the TSX total return over the last 30 years.

The report also lists the company's favourite dividend stocks, which includes both American and Canadian names. Of the Canadian companies, the three with the highest-yielding dividends are shown below.

Rogers Communications: 3.84% yield

Of all the dividend names shown, **Rogers Communications** (TSX: RCI.B)(NYSE: RCI) may be the most stable. The telecom giant operates in an industry with limited competition, high barriers to entry, and subscription-based revenue. This has allowed the company to steadily increase its dividend; for example, since 2009, Rogers has raised its annual dividend by over 10% per year.

Part of the reason for Rogers' high yield is a low share price; the company's shares have fallen by over 11% over the past year due to some mediocre quarterly results. This may have provided an opportunity for dividend investors with a long time horizon.

Potash Corporation of Saskatchewan: 3.56% yield

Like Rogers, **Potash Corporation of Saskatchewan** (TSX: POT)(NYSE: POT) has also seen its shares lag the index over the last year. And as a result, its dividend is now at a nice healthy yield. PotashCorp is also not as cyclical as the other miners; even if the steel market collapses, everyone still needs to eat.

The risk that PotashCorp faces is on the supply side, which is what has hurt the company in the past year. The most notable event of course was Uralkali's decision to exit its marketing agreement with the Belarusians and pursue a volume-over-price strategy. Another risk to stockholders is price – PotashCorp shares have recovered quite nicely since August and now trade higher than they did before Uralkali's decision. They may not be the bargain that they once were.

Cenovus Energy: 3.15% yield

Rounding out the list is yet another company whose share price has trailed its peers: **Cenovus Energy** (TSX:CVE)(NYSE:CVE). But the company has some of the best energy assets in all of Canada at Christina Lake and Foster Creek. Cenovus is a low-cost producer, which will make the company able to withstand oil price fluctuations better than its competitors.

It also means that as Cenovus reinvests its cash flow back into its operations, those investment dollars will go a long way towards growing production.

Foolish bottom line

With dividend investing alive and well, it is still important to invest in companies with sustainable business models – otherwise, the dividend could be cut before you know it. Edward Jones has come up with some great ideas, and these three are perfect examples.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:CVE (Cenovus Energy Inc.)
2. NYSE:RCI (Rogers Communications Inc.)
3. TSX:CVE (Cenovus Energy Inc.)
4. TSX:RCI.B (Rogers Communications Inc.)

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