



3 Top Dividend Stocks Yielding Up to 8.1%

Description

If you like sexy tech stocks with fancy buzzwords or exotic mining companies searching for gold in the Congo, then income investing is not for you.

But if you prefer good old-fashioned dividends and are willing to trade being the talk of your next cocktail party for common sense investing, then you'll like this strategy just fine.

Wonderful companies don't have to come up with the next gee-whiz gadget every year. They don't deal in collateralized debt obligations or other financial mumbo-gumbo.

Rather, great businesses are so straightforward, you can explain them to a child. For instance, take **Disney**, **Coca-Cola**, and **Johnson & Johnson**. They produce valuable, easy-to-understand products that you probably use every day.

So, if you're just beginning on your investing journey, you could do worse than load up on dividend stocks. Here are three of my favourites to get you started.

Collect an 8.1% rent cheque without becoming a landlord

Real estate is a wonderful business.

You collect rent month after month and every year your property values go up! That's why some people can even *retire* on the money earned from their rental properties.

Unfortunately, few people are cut out to become a landlord. However, there's another way to earn regular income from real estate without stepping foot on a single property—**Dream Office REIT** ([TSX:D.UN](#)).

Dream allows you to become a partner with a successful, well-diversified landlord. The firm is designed to own office properties, collect rent from tenants, and pass on the income to unitholders. And because of the way in which this trust is structured, Dream pays no corporate income taxes to the government.

This is how the firm has been able to pass on such oversized cheques to partners. Today, Dream pays a monthly distribution of 18.67 cents per unit, which comes out to a yield of 8.1%. However, I expect that payout will grow in the years to come.

One dividend stock to buy and hold forever

Enbridge Inc ([TSX:ENB](#))([NYSE:ENB](#)) is a great example of how small dividend hikes can add up over time.

Over the past two decades, the pipeline company has increased its payout more than sevenfold. The crazy part? If you had held Enbridge stock over that time and reinvested all of your dividends, the yield on your investment would be more than 100% today.

Let's imagine if you were to hold this stock for another 10 years. Assuming Enbridge can continue to grow its dividend at a 5% annual clip, your yield on cost would increase to 165% by 2025.

That's the power of compound growth in action.

The best dividend stock you've never heard of

Brookfield Infrastructure Partners L.P. (TSE:BIP.UN)([NYSE:BIP](#)) is one of the market's best-kept secrets.

This stock trades fewer than 100,000 shares per day—only a tiny fraction of more well-known names. But if you own a share of this business, you own a piece of some of the most valuable infrastructure monopolies around the world.

Brookfield owns ports in Europe, railways in Australia, toll roads in South America, and timberland throughout Canada and the United States. I can't think of any other place where you can invest in such a stable group of monopolistic assets.

In total, over 80% of Brookfield's revenues are regulated or under contract, which means the company's profits are as steady as bond coupons. For shareholders, this has translated into a reliable source of dividends. Today, Brookfield pays 48 cents per share each quarter, which comes out to an annual yield of 3.7%.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
4. TSX:D.UN (Dream Office Real Estate Investment Trust)
5. TSX:ENB (Enbridge Inc.)

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