These 3 Stocks Yield 4% and Are Perfect for Any Dividend Portfolio

Description

When looking for dividend stocks, you rarely want to go for the highest yields. After all, these companies are usually on shaky ground, or pay high, unsustainable dividends. If you're looking to collect regular monthly income, why give yourself this headache?

Instead, you should be looking for yields of roughly 4%. At this level, you can choose very stable companies, ones you can be sure won't be cutting their dividends any time soon. It's not like 4% is such a low number either; just look at Government of Canada bonds, which yield well under 2% over 10 years.

So, which companies should be at the top of your list? Below we take a look at three names to get you started.

1. Fortis

If you're looking for a stable company in Canada, **Fortis Inc.** (TSX:FTS) may be your best option. The company is Canada's largest investor-owned distribution utility, and is also one of the country's most reliable overall. In fact, it's raised its dividend every year for over four decades! That's the longest streak of any Canadian company.

How has Fortis managed this? First of all, it has been very well run. Second, it sells a product (electricity) that we all need, no matter how the economy is doing.

As it stands, the company's dividend yields a little more than 3.5%. So, you can easily find higher yields. That said, this is still a very sweet deal for a company with such a strong track record. This stock should be a part of most dividend portfolios.

2. RBC

I know what you're thinking: what's a bank doing on a list of stable dividend players? Don't they go through violent up-and-down swings? Well, in Canada our banks tend to be stable, money-making machines. If you don't believe me, just look back to the financial crisis, a time when American banks were going bankrupt left and right. Through the whole ordeal, none of our banks even cut their dividend.

The largest of our banks is **Royal Bank of Canada** (TSX:RY)(NYSE:RY), which is also Canada's largest company overall. It's also one of the most stable banks worldwide, with strong capital ratios, high-quality assets, and a highly-profitable business model.

As it stands, RBC's dividend yields 4.0%. It gets better though. The company typically pays less than half its net income to shareholders. So, even if earnings fall, the dividend doesn't have to get cut. In today's dividend-investing environment, this should be considered a big plus.

3. Telus

Telus Corporation (TSX:T)(NYSE:TU) is another stock that should be a staple in dividend portfolios. It operates in a very secure industry, one characterized by subscription-based revenue, limited competitors, and high barriers to entry. So, as long as Canadians want to consume more data—which seems inevitable—Telus should generate consistent cash flow.

There's another reason to own Telus. The company does a fantastic job keeping its customers happy, meaning its market share should be safe.

Telus's dividend yields 3.8%, and this is a dividend that has quadrupled over the past decade. If you ask me, that's not a bad deal at all.

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1. Editor's Choice

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1. NYSE:RY (Royal Bank of Canada)
2. NYSE:TU (TELUS)
3. TSX:FTS (Fortis Inc.)
4. TSX:RY (Royal Bank of Canada)
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