3 Places to Look for Quality Dividend Stocks in Canada

Description

Starting a dividend portfolio is not easy these days, especially in Canada. Because interest rates are so low, solid dividend stocks are in high demand, driving their yields down. Meanwhile, high-yielding stocks have fallen on hard times, with dividend cuts being announced left and right. Most of these are happening in the energy sector.

So, where should a dividend investor be looking these days? Well, below we take a look at the top three places.

1. The telecoms

Let's start with the obvious. Canada's big three telecommunications providers have everything that dividend investors should be looking for: limited competition, high-barriers to entry, and subscription-based revenue. Needless to say, all of them have very stable dividends.

Two are worth highlighting in particular. One is **BCE Inc.** (TSX:BCE)(NYSE:BCE), simply because it pays out practically all its earnings to shareholders. As a result, the stock yields a juicy 4.8%. If you want a yield higher than that, you'll need to buy a much riskier stock.

The other is **Telus Corporation** (TSX:T)(NYSE:TU). Telus is easily the best-in-class player in the industry. The company is liked by its customers, it's stealing market share, and it's growing revenue faster than its rivals. Unfortunately, its dividend yields only 3.8%, but this is a dividend that's quadrupled in the last decade.

2. The banks

I know what you're thinking: Are banks really a place to find reliable dividends? Well, in Canada the answer is yes. Remember, none of our banks cut their payouts during the financial crisis, a time when numerous banks around the world were going bust.

And if you're going to buy a bank, why not go with the biggest one, **Royal Bank of Canada** (TSX:RY)(NYSE:RY)? The company yields a healthy 4%, despite paying out less than half of income to shareholders. Better yet, the bank has one of the best track records in Canada, and its size is a big advantage in today's banking environment.

3. The REITs

Many investors, when looking to generate some income from their savings, opt to buy rental properties. Unfortunately, this comes with a bunch of hassles and expenses. Real Estate Investment Trusts (REITs) allow savers to invest in real estate securities without all of these nuisances.

One in particular worth mentioning is **H&R Real Estate Investment Trust** (TSX:HR.UN), which owns a collection of retail, commercial, and industrial properties. So, it comes with a bit of diversification. It also comes with a yield of more than 5%, something that should be appealing to dividend investors.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:RY (Royal Bank of Canada)
3. TSX:BCE (BCE Inc.)
4. TSX:HR.UN (H&R Real Estate Investment Trust)
5. TSX:RY (Royal Bank of Canada)
6. TSX:T (TELUS)

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