3 Safe Dividend Stocks That Yield up to 6.6%

Description

Some income investors seek extremely high yields over 7%. I believe this is a poor strategy that will lead to capital losses and future dividend cuts. A Foolish investor must do their research to find stocks which offers high yields that are also sustainable with low risk of being cut in the medium term.

The following three stocks are fantastic businesses that offer fairly high yields which are also very sustainable.

Stock #1: Manulife Financial Corp. (TSX:MFC)(NYSE:MFC)

Manulife is a terrific company which currently offers a 3% dividend yield. Although this may not seem like much, the company is poised to increase its dividend this year by a substantial amount thanks to huge tailwinds the company will be riding in 2017 and beyond.

The company's Asian expansion is going very well and is expected to be a huge booster for the company's earnings as we head into the latter part of 2017.

U.S. interest rates are also expected to be hiked at a faster rate thanks to a pro-business Donald Trump, who is looking to kickstart the U.S. economy. I believe the U.S. economy will become very strong this year, and the rapidly increased interest rates will give Manulife, as well as other financial firms, a huge boost.

Stock #2: Enbridge Inc. (TSX:ENB)(NYSE:ENB)

Enbridge is a fantastic energy-delivery company that took a dip last year but is on the road to recovery and is still quite cheap at current levels. With rising crude oil prices comes more business, so you can count on Enbridge to do very well as more oil companies open their wallets.

Enbridge currently yields a bountiful 4.1% dividend which is also extremely sustainable. The company plans to increase its dividend by a whopping 15% this year, so it may be the perfect time to jump into the stock.

The price-to-book and price-to-cash flow multiples are at four and 10.5, respectively, both of which are lower than the company's five-year historical average multiples of 4.5 and 12.8, respectively.

Stock #3: Crombie Real Estate Investment Trust (TSX:CRR.UN)

For those income investors who seek an even higher yield, Crombie REIT offers a terrific 6.6% yield which is very sustainable at current levels. Crombie is a grocery store REIT, which I'm a huge fan of because of the defensive nature of the grocery business. People will always need food, so you can count on store traffic even during the worst of recessions.

Crombie's largest tenant is **Empire Company Limited**, so most of the properties are anchored by Safeway and Sobeys stores. There's no question that Empire has been struggling lately, but I believe the company will rebound and the current weakness is a fantastic opportunity to get into Crombie at a discount to its intrinsic value.

The bottom line

You can get terrific dividend yields without taking on an unnecessary amount of risk. These dividends are sustainable and are likely to grow by leaps and bounds over the next few years.

Stay smart. Stay cautious. Stay Foolish.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:MFC (Manulife Financial Corporation)
3. TSX:CRR.UN (Crombie Real Estate Investment Trust)
4. TSX:ENB (Enbridge Inc.)
5. TSX:MFC (Manulife Financial Corporation)

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Date
2025/07/21
Date Created
2017/01/18
Author
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