



2 Excellent Dividend Stocks Yielding Over 3.5%

Description

If you're a dividend investor with cash on hand that you're ready to put to work, then this article is for you. Let's take a closer look at two high-quality dividend stocks with yields over 3.5% that you could buy right now.

Hydro One Ltd.

Hydro One Ltd. ([TSX:H](#)) is Ontario's largest electric transmission and distribution company with more than 1.3 million customers across the province.

It currently pays a quarterly dividend of \$0.22 per share, equal to \$0.88 per share on an annualized basis, and this gives it a yield of about 3.7% today.

Hydro One is a toddler in the stock market and in the eyes of dividend investors, as it went public less than two years ago in November 2015 and declared its first dividend in February 2016, but it has already rewarded its shareholders with a dividend increase. It raised its dividend by 4.8% last month, which puts it on pace for fiscal 2017 to mark the first year in which it has raised its annual dividend payment, and also puts it on pace for fiscal 2018 to mark the second consecutive year with an increase.

I think Hydro One is an attractive pick for high yield and dividend growth going forward as well. It has a target dividend-payout range of 70-80% of its net earnings, and even though its earnings took a slight dip in the first quarter as a result of "milder weather" and other factors, its management team remains bullish and expects "continued long-term earnings growth," so I think its streak of annual dividend increases will continue in 2019 and beyond.

BCE Inc.

BCE Inc. ([TSX:BCE](#))([NYSE:BCE](#)) is the largest communications company in Canada. It provides broadband communications and content services to over 22 million consumer, residential, business, not-for-profit, and government customers across the country.

BCE currently pays a quarterly dividend of \$0.7175 per share, representing \$2.87 per share on an

annualized basis, giving its stock a yield of about 4.7% at today's levels.

In addition to being a high yielder, BCE is a dividend-growth superstar. It has raised its annual dividend payment for eight consecutive years, including annual increases of at least 5% in that span, and its 5.1% hike in February has positioned it for fiscal 2017 to mark the ninth consecutive year with an increase.

BCE will continue to provide its shareholders with a high and growing dividend in the years ahead too. It has a target dividend-payout range of 65-75% of its free cash flow, so I think its continued growth, including its 17% year-over-year increase to \$489 million in the first quarter of 2017 and its projected 4-10% year-over-year increase to \$3.38-3.55 billion in the full year of 2017, will allow its streak of annual dividend increases to easily continue into the 2020s.

Which of these dividend stocks should you buy today?

I think Hydro One and BCE would make great additions to any Foolish portfolio, so take a closer look and strongly consider making at least one of them a core holding today.

CATEGORY

1. Dividend Stocks
2. Investing

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1. Editor's Choice

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2. TSX:BCE (BCE Inc.)
3. TSX:H (Hydro One Limited)

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