



3 Reliable Canadian Dividend Stocks Yielding 4-5%

Description

Dividend investors are searching for top-quality companies that provide steady distributions and above-average yields.

Let's take a look at **TransCanada Corporation** ([TSX:TRP](#))([NYSE:TRP](#)), **Power Financial Corp.** (TSX:PWF), and **BCE Inc.** ([TSX:BCE](#))([NYSE:BCE](#)) to see why they might be interesting picks.

TransCanada

TransCanada bought Colombia Pipeline Group last year in a US\$13 billion deal that added strategic assets in the growing Marcellus and Utica shale plays as well as important pipeline infrastructure running from Appalachia to the Gulf Coast.

The deal also provided a nice boost to the near-term capital program, which now stands at \$24 billion.

As the new assets are completed and go into service, TransCanada expects cash flow to improve enough to support annual dividend growth of at least 8% per year through 2020.

The company has larger developments under consideration that are worth watching, including the Keystone XL pipeline. If that project gets the green light, investors could see an upward revision to the dividend-growth guidance.

TransCanada's current distribution provides a yield of 4%.

Power Financial

Power Financial is a holding company with interests in wealth management and insurance companies in Canada and a stake in another holding company in Europe, which owns positions in some of the continent's top global businesses.

Rising interest rates tend to benefit insurance companies, as they increase the return that can be achieved on funds set aside to cover potential claims.

In addition, interest rates normally increase when the economy is doing well, which often means good times for stock markets and wealth management companies.

Power Financial raised its dividend earlier this year. The current payout provides a yield of 4.7%.

BCE

BCE's acquisition of Manitoba Telecom Services moves the communications giant to top spot in the Manitoba market and sets it up for an expansion of its presence in the western provinces.

The company is primarily known for its wireless and wireline telecom operations, but BCE also has a large media division that includes a television network, specialty channels, radio stations, sports teams, and an advertising business.

Together, the media and telecom assets create a powerful business which has the capability of interacting with most Canadians on daily basis.

BCE generates strong free cash flow to support its generous dividend. The current payout provides a yield of 4.9%.

The bottom line

All three stocks provide reliable dividends that should be safe. An equal investment in each of the the companies would generate above-average yield and give your portfolio instant geographic and industry diversification.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

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1. NYSE:BCE (BCE Inc.)
2. NYSE:TRP (Tc Energy)
3. TSX:BCE (BCE Inc.)
4. TSX:TRP (TC Energy Corporation)

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