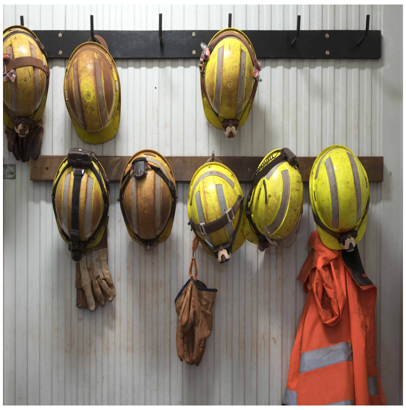

3 Stocks With Safe +5% Yields

Description

Dividend stocks offer immediate value to investors by offering regular dividends that serve as income. Investors just have to make sure to pay a good price for the stocks and that the stocks offer safe dividends.

Here are three stocks in different industries that offer safe dividends, with yields of more than 5%, thanks in part to interest rate hikes, which have weighed down the stocks. Are the stocks a good value right now? Let's find out.

A big telecom

Many retirees like **BCE Inc.** (TSX:BCE)(NYSE:BCE), which is the largest communications company in Canada. It offers wireless and wireline services and television programming services.

At the end of March, BCE had about 9.2 million wireless subscribers, 3.8 million high-speed Internet subscribers, and 2.8 million TV subscribers, which saw growth of 2.8%, 3.5%, and -0.1%, respectively, year over year.

BCE's free cash flow generation on a per-share basis remains steady. The dip of the stock to about $54.40 per share pushed BCE's yield to nearly 5.6%. Because of the headwind of interest rate hikes, the stock is reasonably valued. Investors seeking a bigger margin of safety should look to scale in to the stock in the low $50s.

A higher-growth utility

Algonquin Power & Utilities Corp. (TSX:AQN)(NYSE:AQN) is small compared to bigger players, such as **Fortis Inc.** So, Algonquin is expected to grow at a faster pace.

Algonquin has a portfolio of regulated electric, natural gas, water distribution and wastewater collection utility systems across 12 U.S. states. Its 33 utilities serve 762,000 customers. Algonquin also has electric generation assets, which tend to have long-term power purchase agreements. Together, its portfolio generates stable cash flow to support its dividend.

The pullback of the stock to about $12.70 per share pushed Algonquin's yield to 5.3%. The stock is a good value here, but interest rate hikes can continue to weigh on the stock.

A pipeline stock

TransCanada Corp. (TSX:TRP)(NYSE:TRP) has a network of natural gas and liquids pipelines, power generation and natural gas storage facilities. It has $21 billion of near-term projects and more than $20 billion of longer-term projects to support dividend growth of 8-10% per year through 2021. The year-to-date weakness in the stock pushed TransCanada's yield to just over 5%.

Investor takeaway

BCE, Algonquin, and TransCanada should continue to offer a safe dividend income stream for its shareholders over the next few years. Out of the three, analysts think TransCanada offers the best upside for the near term. **Thomson Reuters Corp.** analysts have a 12-month mean target of $66.90 on TransCanada, which represents near-term upside potential of almost 22%.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:BCE (BCE Inc.)
3. NYSE:TRP (Tc Energy)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:BCE (BCE Inc.)
6. TSX:TRP (TC Energy Corporation)

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Date
2025/08/05
Date Created
2018/06/18
Author
kayng