Top 3 Canadian Blue-Chip Stocks With 5% Yields

Description

Blue-chip stocks are a defensive investor's best friend. These are well-established companies and leaders in their respective sectors. Likewise, they often have a reliable dividend-paying history. In times of uncertainty, blue chips are a safe haven for investors.

Blue chips make a great foundation for any portfolio, as they add a level of protection in the face of a market downturn. Look for market capitalization, consistent earnings growth, a rising dividend, and a positive outlook. With respect to the dividend, a potential buy signal is when a company's yield is above its historical average. It may indicate the company is undervalued.

Here are three top Canadian blue-chip stocks that are yielding above 5%, well above historical averages.

Canada's largest telecommunications company

default watermark

BCE Inc. (TSX:BCE)(NYSE:BCE) is Canada's largest telecommunications company by market capitalization. The company is a Canadian Dividend Aristocrat, having raised dividends for nine consecutive years. It currently yields 5.64% and has raised dividends by a compound annual growth rate (CAGR) of 5% of the past few years.

The company is one of Canada's most well-known brands and is Canada's telecom leader. Over the next two years, the company is expected to grow earnings in the low single digits. Although not spectacular, BCE's size and leading market position make it difficult to achieve high growth rates. But don't discount it; BCE is a great safety net.

A pipeline on the rebound

It wasn't too long ago that investors could buy **Enbridge Inc.** (TSX:ENB)(NYSE:ENB) at a yield above 6%! The company was weighed down by a high debt load as a result of its Spectra Energy acquisition. Worried you missed out? Don't be. Enbridge still yields 5.75%, which is almost double its historical average.

The company is riding a wave of good news, as its Line 3 replacement project was approved by regulators. Likewise, it recently announced a significant asset sale that will enable it to reduce its debt load. Oh, and did I mention the company is simplifying its structure to reduce costs? These are all catalysts for the stock price.

Enbridge is a Top 10 Canadian Dividend Aristocrat, having raised dividends for 22 consecutive years. The company is aggressively raising its dividend and has a targeted 10% CAGR through 2020. It has a conservative targeted dividend-payout ratio below 65% of adjusted cash flow from operations.

A rising utility

Emera Inc. (TSX:EMA) is the second-largest diversified utility Canadian Dividend Aristocrat. The company currently yields 5.28% and has raised dividends for 11 consecutive years. Dividend growth is expected to continue with a targeted CAGR of 8% through 2020.

The company has been growing at an impressive pace. It has grown adjusted earnings per share by a CAGR of 6.1% over the past 10 years and operating cash flow by 13% over the same time frame. These numbers are also accelerating. In the first quarter, the company grew adjusted earnings per share by 21% and operating cash flow by 28% year over year!

It has over $6 billion of projects in the pipeline, which should propel the company to new heights.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:BCE (BCE Inc.)
4. TSX:EMA (Emera Incorporated)
5. TSX:ENB (Enbridge Inc.)

default watermark

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date
2025/07/04
Date Created
2018/07/10
Author
mlitalien

default watermark