Fat Income for a Year: Here Are 3 Top Stocks I'd Buy for Big Dividend Checks in 2019

Description

Hello again, Fools. I'm back to call attention to three stocks with big dividend yields. As a reminder, I do this for conservative investors because high-yield stocks: provide a healthy stream of income in both good times and bad times; tend to have lower volatility (risk) than the average stock; and usually outperform the market over a prolonged period.

Studies show that dividends account for greater than 50% of the stock market's long-term returns. So it only makes sense to devote a good portion of your portfolio to solid high-yield plays. And with 2019 finally upon us, now is the perfect time to do it.

Let's get to it.

Profitable exchange

Kicking off our list is **Exchange Income Corporation** (TSX:EIF), whose shares boast a dividend yield of 7.7%. The aerospace company fell 21% in 2018 versus a loss of 4.5% in **S&P/TSX Capped Industrials Index**.

Don't be scared off by the stock's 2018 performance. In the most recent quarter, adjusted earnings grew 15% on a revenue jump of 22%. Moreover, the dividend payout ratio — when calculated as a percentage of free cash flow less maintenance capex — improved from an already-healthy 45% to 42%.

"Our third quarter results highlight the value of our diversified strategy, and our continued ability to grow our businesses, lower our payout ratio and pay a growing dividend," said CEO Mike Pyle.

Given Exchange Income's business momentum, I wouldn't wait too long to pounce on its fat yield.

Down the pipe

Next up, we have **Inter Pipeline** (TSX:IPL), which currently has a dividend yield of 8.7%. Shares of the energy storage and transportation company fell 26% in 2018 versus a loss of 29% for the **S&P/TSX Capped Energy Index**.

If you think the energy landscape will improve in 2019, Inter Pipeline is a solid way to play. In the most recent quarter, funds from operations — a key cash flow metric — improved 11% to $300 million. More important, the quarterly payout ratio clocked in at a safe 55%.

“Our oil sands and conventional pipeline assets provide stability in challenging times, while our NGL processing franchise positions us for significant cash flow growth from elevated North American gas liquids pricing,” said President and CEO Christian Bayle.

Inter Pipeline’s big yield and highly diversified nature make the risk/reward trade-off very attractive.

Showing some life

Rounding out our list is **Manulife Financial** (TSX:MFC)(NYSE:MFC), whose shares boast a solid dividend yield of 4.7%. The insurance giant sank 26% in 2018 versus a loss of 12.5% for the **S&P/TSX Capped Financial Index**.

Manulife is also a solid bet to bounce back in 2019. In Q3, core EPS of $0.75 blew out expectations as annualized premium equivalent sales increased 8% to $1.4 billion. More important, that operating momentum prompted management to boost its already healthy dividend.

“We are pleased with our capital position and strong business momentum and, as previously announced, the Board has approved a 14% increase to our dividend,” said CFO Phil Witherington.

With the stock off more than 30% from its 52-week highs, now might be the perfect time to grab that dividend.

The bottom line

There you have it, Fools: three attractive high-yield stocks for you to check out.

As always, don’t view them as formal recommendations. They’re simply a jump-off point for more research. Dividend cuts are especially brutal on a stock’s price, so plenty of due diligence is still required.

Fool on.

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