TFSA Investors: 3 Utility Stocks That Pay up to 10.8%

Description

A utility stock is often a good source of dividend income for investors looking to secure some recurring cash flow for their portfolios. However, you don't have to settle for low yields of just 2% or 3%, as utility stocks can sometimes offer investors some great payout options. Below are three stocks that pay more than 4% and that can help build your dividend empire.

Algonquin Power & Utilities (TSX:AQN)(NYSE:AQN) claims to have $10 billion of assets, which help to provide service to more than 750,000 customers in the U.S. The company has a diverse portfolio of assets and has an emphasis on clean energy with numerous wind, solar, and hydroelectric facilities to help provide its consumers with renewable sources of energy.

Algonquin has achieved strong growth in recent years and has done so while seeing its profits increase as well. In five years, its stock price has doubled, and there could be more room for it to grow if it can continue to produce such strong results. The company also provides investors with an appealing U.S.-based dividend, which has increased over the years and currently yields about 4.5% per year. However, since 2015, payouts have grown by nearly 50%, averaging a compounded annual growth rate (CAGR) of 10%.

Emera (TSX:EMA) is another clean energy provider with operations a bit more spread out, reaching as many as four countries in the Caribbean. A bit bigger than Algonquin, Emera claims to have $30 billion in assets, as it too has achieved strong growth over the past few years. However, the stock's returns have not nearly been as impressive, as over the past five years its share price has risen just 45% and less than 3% over the past three years.

Nonetheless, for dividend investors, it's an appealing option, as Emera pays investors a dividend of just over 5% thanks to a recent hike. Like Algonquin, Emera has also had a pretty strong track record when it comes to increasing its payouts. Since 2014, dividend payments have risen by 62% for a CAGR of a little over 10%. And with dividend payments being denominated in CAD, investors will have a bit more consistency in their payments every quarter.

Just Energy Group (TSX:JE)(NYSE:JE) is the highest-yielding stock on this list, and for that reason, it might be the most risky. Although its dividend payments haven't increased in recent years, at quarterly payments of $0.125, the stock is paying shareholders a yield of 10.8%.

The company has offices in many parts of the world and serves as many as 1.7 million customers around the globe. While not a purely green play, Just Energy provides its customers with renewable energy options as well as those that are the most economical and efficient.

Unlike the other stocks on this list, Just Energy's sales have plateaued, struggling to find much growth in recent years. The good news for investors is that with an earnings per share of $1.02 in the trailing 12 months, Just Energy's profits are sufficient to support its dividend payments. There's always going to be a bit of a risk any time a stock is paying more than 5%, but Just Energy has kept its payouts intact and could continue to do so for the foreseeable future.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:EMA (Emera Incorporated)

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Date
2025/07/20
Date Created
2019/02/11
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