



2 Stocks That Could Give You Top Returns When Rates Are Falling

Description

If you're an investor looking for high yields, the space for you is shrinking fast. The rates on various savings products have been falling in anticipation of the Bank of Canada's next move possibly being a rate cut as pressures on the economy build.

In this scenario, it makes sense to look for higher returns elsewhere. One area of the market in which you could get returns better than the fixed income is dividend stocks. The companies that pay steadily growing payouts become more attractive amid an environment of falling interest rates. Here are my two top picks that might fit in your investing objective:

Inter Pipeline Ltd

Calgary-based **Inter Pipeline** (TSX:IPL) owns 4,800 miles of pipeline, transporting over 1.4 million barrels of crude per day. It operates 16 strategically located petroleum and petrochemical storage terminals in Europe. IPL's NGL business is one of the largest in Canada.

With this operational strength, IPL is also a high-yielding stock, currently offering annualized yield of more than 8%, which translates into a monthly payment of \$0.1425 per share.

But that reward comes with a high degree of risk. [IPL's high leverage](#) may not be sustainable at some point, potentially forcing the company to cut its dividend payout. IPL has \$6 in debt for every dollar generated in earnings before interest, taxes, depreciation, and amortization.

Another important thing for dividend investors to watch out for is the company's ability to generate enough funds through operations to support its payouts. Last year, that payout ratio was 60%, as the company generated \$2.80 per share in funds from operations and distributed \$1.68 per share in dividends.

Brookfield Renewable Partners

Bermuda-based [Brookfield Renewable Partners](#) (TSX:BEP.UN)(NYSE:BEP), a clean energy provider, is another high-yielding stock to consider if you want to earn top returns. The company is well

positioned to benefit from the worldwide push to use environment-friendly sources for power generation.

The International Energy Agency sees continued strong growth in renewables through 2022, with renewable electricity capacity forecast to expand by over 920 GW — an increase of 43%.

Producing 16,000 MW of capacity and managing 820 facilities in North America, South America, Europe, and Asia, Brookfield has a strong portfolio of projects.

BEP stock currently pays \$2.06 a share annual dividend that translates into a yield of more than 6%. BEP stock had a great run so far this year after surging more than 30%. Trading at \$33.45 at writing, its stock is close to the 52-week high and the analysts' 12-month price target of \$35.46 a share.

Bottom line

These stocks give you a good idea how you can earn higher return even when rates are falling. But investing in stocks is more riskier than, let's say, putting your money into a savings account. But by taking that risk, you get rewarded by higher income.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing
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TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)

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