5 Safe Dividend Stocks With Yields Over 5%

Description

Forget about the 4% rule. There are ample dividend stocks with yields higher than 5%, and this piece is going to cover five of the best ones based on dividend safety and growth potential.

Brookfield Renewable Partners

With a 5.9% yield at the time of writing, **Brookfield Renewables** (TSX:BEP.UN)(NYSE:BEP) is one of the best pure-play renewable energy plays on the TSX index.

The firm owns hundreds of sought-after renewable energy assets with hydro, wind, and solar plants and over 16,400 MW of installed capacity as of the conclusion of 2017.

The Brookfield name implies quality alternative asset management, and that's precisely what you're getting with the name today.

The company has set its sights on the high-growth Indian market and given the firm's impressive track record of growing cash flows at a rapid rate; I sense much more dividend growth in the years ahead.

CIBC

With a 5.5% yield, **CIBC** (TSX:CM)(NYSE:CM) has the most generous dividends today. After clocking in two weak quarters in a row, CIBC now has the highest yield in recent memory together with an eight times forward earnings multiple that's close to the lowest it's been in a ridiculously long time.

CIBC doesn't have a terrific reputation with safe investors. It's considered an inferior peer when it comes to the safety and volatility of cash flows. Given the recent headwinds facing the banking scene, it shouldn't be a surprise to see CIBC down in the ditches.

The stock is easy to hate considering its previous track record, but given today's valuations, I'd say the shortcomings of the company are more than forgivable and that the punishment is overdone.

At the time of writing, CIBC is flirting with bear market territory at around $100 and change.

Enbridge

You'll get a 6.4% yield with **Enbridge** (TSX:ENB)(NYSE:ENB) if you've got the time horizon and patience to hang onto the pipeline play amidst these harsh industry headwinds.

Pipelines offer huge yields at reasonable prices, but you've got to be as patient as Warren Buffett to realize any outsized gains because given the endless project delays and the hazy outlook, the pipelines probably aren't a great bet for those seeking to make a quick buck.

Enbridge is a former dividend darling that continues to live up to its reputation as a dividend growth king in spite of its difficult situation.

That's commendable, and as financial pressure is gradually relieved through the opening of new cash-flow-generative projects, I do see a scenario where Enbridge renews its dividend promise to investors.

A fat dividend and 10% annual increases? That's hard to pass up on for deep-value investors.

Scotiabank

In line with bank theme, we have **Scotiabank** (TSX:BNS)(NYSE:BNS), an underperforming Big Five bank that's been treading water well before most of the banks fell off a cliff.

As Canada's most international bank, Scotiabank stands to obtain better-than-average growth relative to a domestically overexposed comparable bank.

The stock yields 5% at the time of writing, and similar to CIBC, the name has its fair share of baggage and should only be held for those who seek income and growth over a prolonged period.

The banking scene stinks, which is exactly why you may want to scoop them up at today's depressed valuations.

Scotiabank trades at 9.1 times forward earnings, which is close to a historical low point.

SmartCentres REIT

Finally, we have **SmartCentres REIT** (TSX:SRU.UN), a wildcard that yields 5.5%.

It's not technically a stock, but I had to include it in the list because I'm a massive fan of the firm's long-term AFFO growth plan as the retail REIT seeks to develop mixed-use properties, which will allow SmartCentres to unlock more value over the long haul.

Brick-and-mortar retail is ridiculously unattractive, and as an owner of strip malls, SmartCentres has been an unappealing play for REIT investors.

I think the REIT is way too cheap, and many investors are discounting its longer-term plan to grow its distribution in spite of industry pressures.

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TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. NYSE:BNS (The Bank of Nova Scotia)
3. NYSE:CM (Canadian Imperial Bank of Commerce)
4. NYSE:ENB (Enbridge Inc.)
5. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
6. TSX:BNS (Bank Of Nova Scotia)
7. TSX:CM (Canadian Imperial Bank of Commerce)
8. TSX:ENB (Enbridge Inc.)
9. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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