3 Top Stocks With High Dividend Yields

Description

If you're a bargain hunter, now is the time to get into investing. Ahead of a recession, a number of top stocks are now pretty much on sale for investors to snatch up. And again, ahead of a recession, one thing investors should seriously consider are stocks that include dividends.

So, when it comes to top stocks on sale with high dividend yields, there are a few to chose from. For my money, however, I would absolutely go with **Enbridge** (TSX:ENB)(NYSE:ENB), **Royal Bank** (TSX:RY)(NYSE:RY) or **Canadian National Railway** (TSX:CNR)(NYSE:CNI). Each has a long history of superb growth (both in share price and in dividends) with a future outlook that should be super exciting to investors.

Enbridge

Enbridge has had a pretty bad first half of 2019. The company's shares have been plagued by the oil and gas industry, its Line 3 pipeline was delayed again and again, and then an explosion at one of its pipeline projects tragically took one life. All of this has sent share prices down to near where they were at the start of the year.

But there are reasons investors should love this stock. It's now well below fair value, with cash flow that will continue coming in for decades due to its secured long-term contracts. Those will already support the company's 6.55% dividend yield. But beyond a recession, this stock should soar as the company's secured projects come online. Enbridge has $16 billion worth of projects due to be completed by the end of 2021, with even more after that time.

Royal Bank

While there are a number of Canadian banking stocks I would consider for investors to buy during times of trouble, I would choose Royal Bank ahead of a recession for a few reasons. First, its share price is about 10% below its fair value, also making this stock ridiculously cheap at the moment.

As well, the company recently put out earnings reports that should have investors thrilled. The company is clearly prepared for an incoming recession, putting cash away for the inevitable. The company reported net income of $3.3 billion for the last quarter, while many of its peers have been struggling. Royal Bank should continue this growth well after the recession, as it has a diverse portfolio here and in other countries as well as strong cash flow from its wealth and commercial management industry. This will support its dividend yield of 4.2% for years — a yield just raised by management during this last quarter.

CNR

Finally, we have CNR, a railway company that has frankly been steady as a rail during almost every economic downturn. Railways are great investments for those looking to beat a recession, as the diverse portfolio the companies usually offer mean that when one product goes down, it is usually supported by quite a few others.

This has left Canada's largest railway in a great position over the years, especially with the petroleum business that has been doing quite well recently. This industry boomed 28% year over year during the most recent quarter. Revenue was also up 9% to beat company records and has led to the company being able to further expand its railway. As CNR continues to invest in its infrastructure, this means investors should continue seeing strong cash flow from this company that can support its 1.74% dividend yield.

Foolish takeaway

Investing in all three of these stocks are perfect buy-and-hold options for the future. In fact, an investment of $5,000 in each stock today would bring in $631.35 in dividends per year as of writing.

CATEGORY

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2. NYSE:ENB (Enbridge Inc.)
3. NYSE:RY (Royal Bank of Canada)
4. TSX:CNR (Canadian National Railway Company)
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