



The Best Dividend Stocks for April 2020

Description

It's always a great time to go shopping for dividend stocks. However, when the market crashes and the economy seems shaky, investors can probably come out on top by focusing the very best dividend stocks on offer.

What makes a great dividend stock? That would be low debt and robust demand from consumers, despite the recession and a low payout ratio. Here are the top three dividend stocks I'd consider buying during this downturn.

Best telecom dividend stock

Wireless communications have become even more critical during this phase of social distancing. Internet traffic across the world has surged, as nearly everyone works from home and tries to contact loved ones.

The largest telecommunications companies, such as **BCE** ([TSX:BCE](#))([NYSE:BCE](#)), seem well positioned. The shutdown should have nearly no impact on their top line. BCE's balance sheet seems robust enough to weather this crisis.

Leverage-adjusted free cash flow was \$3.43 billion over the past 12 months. The next 12 months should be nearly the same or slightly lower. Meanwhile, the dividend has been expanding at an annual rate of 5% for years. At the moment, the dividend payout ratio is 94% and dividend yield is 6.2%.

Long-term debt is a bit concerning. If the current economic crisis turns into a credit crisis, BCE may have to hold the dividend steady. However, a cut doesn't seem on the cards yet.

Best green energy dividend stock

With the decline in the price of crude oil, the world now faces abundant and cheap energy for an indefinite period. However, over the long term, the [transition to cleaner sources of fuel](#) still seems inevitable.

Brookfield Renewable Partners ([TSX:BEP.UN](#))([NYSE:BEP](#)) seems like the best proxy for this transition. The company is backed by one of the largest asset managers in the world.

The renewable energy giant already manages a massive portfolio of clean energy generation plants. Total capacity includes 9,500 MW in North America, 4,800 MW in South America, 4,000 MW in Europe, and 620 MW across Asia. That makes it one of the largest players in this multi-trillion-dollar industry.

However, since the market has crashed Brookfield can acquire more distressed assets and bolster its generation capacity further. That could mean its dividend yield, which currently stands at 4.82%, could move much higher in 2020.

Best utility dividend stock

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) is always considered one of the best dividend stocks in Canada, and for good reason. The company has managed to boost dividends every single year for four decades. This year seems no different.

Demand for electricity from commercial users could decline during the shutdown, but it could be offset by higher residential use. Despite the impact on the top line, Fortis has enough capacity to at least maintain the dividend this year. The dividend-payout ratio is a mere 48%. That means the stock's 4.2% dividend yield is deceptively low.

Meanwhile, the stock trades at 19 times trailing earnings per share and 1.45 times book value per share. It's an undervalued gem that deserves a spot on your passive-income portfolio of the best dividend stocks. The stock is down 16% over the past three weeks.

CATEGORY

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TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:BEP (Brookfield Renewable Partners L.P.)
3. NYSE:FTS (Fortis Inc.)
4. TSX:BCE (BCE Inc.)
5. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
6. TSX:FTS (Fortis Inc.)

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Date

2025/09/12

Date Created

2020/03/27

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