How to Build a High-Dividend Portfolio

Description

The 2020 market crash gives a rare opportunity for dividend investors to build a high-dividend portfolio. In normal markets, it'd be dangerous to seek an average yield of 6%. But that's not the case today.

COVID-19 has put pressure on certain dividend stocks. Consequently, investors can build a high-dividend portfolio with much lower risk.

Our goal is to get a safe high-dividend yield of at least 6% from a diversified portfolio. Let's get to it!

This real estate stock yields 12.2%

An omnichannel sales strategy combining brick-and-mortar and e-commerce raises brand awareness and reduces costs. It increases customer retention and drives sales.

For example, **Target** revealed that when moving digital fulfillment from distribution centres to stores, it reduces costs by 40%. And when customers pick up at a store after ordering online, it reduces costs by 90%.

So, retail real estate is not dying. In fact, companies with quality locations, like **Brookfield Property Partners** (TSX:BPY.UN)(NASDAQ:BPY), are set to benefit from a trend of digital-native brands growing their physical store fleet to drive sales growth.

The diversified real estate stock has fallen 37% year to date. After basing nicely, it has just popped 15% to about $15 per unit. Therefore, it's still a good time to pick up Brookfield Property shares in your RRSP to get a high yield of 12.2%.

Even if it were to temporarily cut its cash distribution by about half, BPY still meets our 6% target yield. In fact, even if there will be a foreign withholding tax on it cash distribution, at these dirt-cheap levels, it'd be totally worth it to hold the stock in a TFSA.

Enbridge stock yields 7.4%

Enbridge is a blue-chip Canadian Dividend Aristocrat. It has increased its dividend for 24 years straight! And its 10-year dividend-growth rate is nearly 15%!

Enbridge has become a more mature company. So, going forward, it's more reasonable to expect long-term dividend growth of about 3-5% per year. That's all right, though, because investors get a high yield of 7.4% from its current dividend.

Despite COVID-19 impacts dragging down energy demand, Enbridge still expects its adjusted EBITDA to grow this year. This illustrates how powerful and stable the company's business model is.

Bank of Nova Scotia stock yields 6.2%

The COVID-19 crisis was a tsunami that pretty much swept through every economy in the world. Yet, **Bank of Nova Scotia** still reported a profitable quarter yesterday. Specifically, it reported diluted earnings per share of $1.00, which still covers its $0.90 quarterly dividend per share.

At writing, the stock popped 4% but still offers a high yield of 6.2%. Accumulating shares in this period allows income investors to lock in a high yield in a quality Big Five Canadian bank.

BCE stock yields 5.9%

BCE is another blue-chip Canadian Dividend Aristocrat with dividend increases of 11 consecutive years. Its five-year dividend-growth rate is about 5%.

Its earnings should remain relatively stable during the COVID-19 period, as people still need the internet and their phones.

If you need yield, BCE has it! It yields 5.9% at writing.

The Foolish takeaway

By investing the same amount in each of the quality dividend stocks above, investors can get a high yield of 7.9%. That's a big boost of income for any portfolio!

Of the above, I believe Brookfield Property to be the most undervalued and should, therefore, deliver the greatest returns over the next five years. So, consider starting off with it.

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TICKERS GLOBAL

1. TSX:BPY.UN (Brookfield Property Partners)

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