Income Investors: Here Are 2 Incredible +5% Dividend Stocks to Buy Right Now!

Description

Income investors: now is the time to lock in top-yielding stocks on the TSX. With interest rates at all-time lows, demand for dividend-paying equities will only increase over time (as opposed to bonds). Historically, the best opportunity to maximize returns is to nab these stocks while they are cheap and the market is down.

Lock in income growth with these stocks

Fortunately, today, there are opportunities to lock in +5% dividend yields in some really high-quality, market-leading stocks. Not only are these income stocks very secure, but they also have opportunity for long-term growth.

While they may not see massive upswings, like tech stocks, they will likely provide great combined returns over the long run. The key here is patience, but I am certain investors will be rewarded.

Telus: An income stock with digital growth

The first stock income-orientated investors should look at is **Telus** (TSX:T)(NYSE:TU). Last Friday, it issued a decent quarter considering the circumstances. Although operating revenues were up by 3.6%, operating expenses were up by 6.5%.

As a consequence, adjusted EBITDA and adjusted earnings dropped by 2.9% and 24% from a year prior, respectively. Despite that, Telus still generated $511 million of free cash flow, which was a 57.7% increase from the prior year. Likewise, total subscriber connections increased 8% to 15.411 million.

I think Telus is probably one of the best telecom stocks income investors can own. It consistently ranks as one of the fastest internet providers (due to its heavy investment into fibre optic broadband). It has a very low customer churn, and it stands to benefit from the roll-out of 5G (it expects to have 5G service in 26 Canadian markets this year).

Unlike competitors, Telus doesn't have large media or sports businesses, which are facing major challenges right now. Instead, it has wisely invested into digital growth mediums such as Telus International and Telus Health. It has taken historically low interest rates to refinance its debt portfolio.

Its balance sheet is in a strong position, and it has opportunistically refinanced its debt portfolio at very low interest rates. The stock pays a great 5% dividend and it targets dividend growth of 7-10% until 2022. It is a perfect stock to hold while you wait for the economy to rebound from the pandemic.

TC Energy: A dividend stock with a massive growth "pipeline"

TC Energy (TSX:TRP)(NYSE:TRP) is another income stock that reported second-quarter earnings last week. A TPH analyst summarized the quarter best by stating, "No news was good news, especially in this market."

Results were mostly in line with analysts' expectations, and TC earned $0.92 per share. Although this was an 8% decline from 2019, year-to-date results were in line or slightly higher than 2019.

Despite some pandemic challenges, flows and utilization levels were aligned with historical norms. In fact, 95% of TC's EBITDA is generated from regulated or contracted assets. It is mostly protected from commodity pricing and volume risks.

Presently, it is implementing a $37 billion capital investment program. $5 billion will be put into service this year. As a result, the company should see nice accretive boost in cash flows by year end. It has the balance sheet and the demand to expand its asset concentration in the "plentiful" natural gas market. The stock is cheap at 14 times price to earnings. All this adds up to make TC Energy an intriguing stock.

Today, TC Energy pays a 5.23% dividend. However, considering its strong growth program, management expects to raise this dividend by 8-10% in 2021 and 5-7% for years thereafter. This is a great stock to tuck away and consistently multiply your income stream for many years to come.

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