3 High-Dividend-Yield Stocks for Low-Risk Investors

Description

As interest rates are at a record low with a high probability of staying at the current levels for a fair amount of time, it is wise to have high-dividend-yield stocks in your portfolio. However, not all dividend stocks are worth investing in, as their high yields may not be sustainable due to the uncertain economic trajectory and thus pose a risk to your investment.

So, if you have a low-risk appetite and are looking for steady dividends and high yields, consider buying these top stocks.

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Emera

With its strong portfolio of high-quality regulated utility assets, **Emera** (TSX:EMA) offers robust dividends to its investors. Emera derives most of its earnings from the regulated utilities, implying that its dividends are safe. Further, the pandemic had minimal impact on its businesses.

On average, Emera's total annual shareholders' returns stood at 12.4% over the last two decades, higher than most of its utility peers. The company's dividends have been growing at a CAGR (compound annual growth rate) of 6% during the same period.

Emera's $7.5 billion capital-investment program is likely to drive over 8% annual growth in its rate base and support higher dividend payments in the coming years. Emera forecasts its dividends to increase by 4-5% annually through 2020.

The utility giant currently pays a quarterly dividend of $0.64 per share, translating into an annual yield of 4.6%.

Capital Power

With quarterly dividends of $0.51 and a modern and diversified utility asset base, **Capital Power** (TSX:CPX) is another top income stock offering a high yield. Capital Power has been performing exceptionally well over the past three years, with its revenues and adjusted EBITDA growing at a robust pace.

Meanwhile, its revenues increased by 27% in the first two quarters of 2020. At the same time, its adjusted EBITDA and adjusted funds from operations registered year-on-year growth of 15% and 6%, respectively.

Thanks to its strong financial performance, Capital Power has uninterruptedly increased its dividends for seven years in a row at a 7% CAGR. Meanwhile, it expects its dividends to grow at the same rate in 2021 and by 5% in 2022.

With its strong capital-investment program and a high-dividend yield of 6.7%, Capital Power is among the top TSX stocks for income investors.

Toronto-Dominion Bank

The inclusion of **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) on this list might surprise a few of you, as bank stocks remained highly volatile so far this year owing to the higher provisions and interest rate cuts.

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Despite the disruption from the virus, Toronto-Dominion Bank's dividends are very safe. Meanwhile, its low payout ratio, continued loans and deposit volumes growth, and focus on cost reduction suggest that its future dividends are safe.

Toronto-Dominion Bank is well capitalized and has paid dividends for 164 years. Its annual dividend-growth rate of 10% over the last decade is the highest among its peers. Currently, the Canadian banking giant pays a quarterly dividend of $0.79, reflecting a high dividend yield of about 5.3%.

CATEGORY

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2. TSX:CPX (Capital Power Corporation)
3. TSX:EMA (Emera Incorporated)
4. TSX:TD (The Toronto-Dominion Bank)

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