5 Dividend Stocks for Passive-Income Investors Fed Up With Bonds

Description

Bonds haven't been this unrewarding in quite some time. Rock-bottom interest rates don't appear to be going higher anytime soon amid this horrific pandemic. As such, passive-income investors may desire to rotate some of their fixed-income debt securities into more bountiful dividend stocks. This piece will look at five of my favourites.

Nutrien

Nutrien (TSX:NTR)(NYSE:NTR) is an agricultural commodities kingpin that's made a big comeback of late, surging around 88% from its lows of March. The stock sports a bountiful 3.4% yield and is a great way to play the secular trend of a growing population, which, I believe, will call for greater crop yields.

Despite the recent rally, NTR stock still looks dirt cheap. Shares trade at a modest 1.5 times sales and 1.4 times book value. The fertilizer play has structural advantages, such as widespread retail locations and a potash production edge, that warrant a moat. If you seek a long-term holding, look no further than the name.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is a pipeline behemoth that's fallen under pressure in recent years, as the energy sector crumbled. With the pandemic's end in sight, I see relief for the top-notch midstream operator that could have room to run in 2021.

While the dividend (currently yielding 7.4%) looks unsustainable, I'd argue that given the shareholder-friendly nature of management that the dividend is far safer than it seems. The company has cash flow-generative projects on the horizon, and while they will face regulatory hurdles, long-term investors willing to deal with volatility have more than enough incentive to hold on.

Bank of Montreal

Bank of Montreal (TSX:BMO)(NYSE:BMO) looks like the best bank for your buck. The 4.3%-yielding Canadian bank had a tough time navigating through the coronavirus crisis, as it had a large exposure to the energy patch. With a recovery in sight and a brighter recovery trajectory in 2021, I suspect BMO's provisions will shrink considerably as its earnings surge, potentially making up for lost time.

The stock trades at 1.2 times book value and is a bargain for passive-income investors bullish on a big banking rebound. I've been adding to my position all through 2020 and will continue to do so on any further dips en route to the post-pandemic world.

Inovalis REIT

Inovalis REIT (TSX:INO.UN) sports an 8.9% yield today. If you bought in the March dip, when I'd pounded the table on the name, you would have locked in a double-digit yield alongside steep capital gains. Today, Inovalis REIT is up nearly double from its March lows, and as rent collection returns to normalcy, I think shares could be headed back to $11.

The REIT gives Canadians an easy way to bet on French and German office real estate and is a compelling way to diversify your geographic exposure on the TSX. Office space is a tough area to be in amid worsening COVID-19 cases. That said, I'm still a fan of the risk/reward scenario here now that we have more clarity with the vaccine timeline.

SmartCentres REIT

SmartCentres REIT (TSX:SRU.UN) boasts a juicy 7.9% yield. Like Inovalis, Smart is a great way to play the post-COVID world. For those unfamiliar with the REIT, it's behind SmartCentres strip malls, many of which are anchored by **Wal-Mart Stores** locations and other essential retailers that kept their doors open during the worst of this pandemic.

As rent collection fully normalizes, I expect Smart shares will be back at $35, as the managers running the show continue to diversify the REIT into mixed-use properties with their compelling project pipeline. I own shares of the REIT personally and intend to add on weakness.

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2. NYSE:ENB (Enbridge Inc.)
3. NYSE:NTR (Nutrien)
4. TSX:BMO (Bank Of Montreal)

5. TSX:ENB (Enbridge Inc.)
6. TSX:INO.UN (Inovalis Real Estate Investment Trust)
7. TSX:NTR (Nutrien)
8. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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