



3 Top Dividend Stocks to Buy in April 2021

Description

At a time when interest rates are well below 2%, it makes sense for income investors to buy and hold blue-chip, dividend-paying stocks. Investors can generate a steady stream of dividend income as well as benefit from long-term capital gains.

With this in mind, we can take a look at three dividend stocks that should derive outsized gains for investors.

Enbridge

The first stock on the list is Canada's energy giant **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)). It's almost impossible to ignore Enbridge when you speak about dividend-paying companies. ENB has increased its dividends at an annual rate of 10% since 1995. Its contract-based business model and diversified portfolio of cash-generating assets allow the company to derive a steady stream of cash flows across economic cycles.

Enbridge has a forward dividend yield of 7.2%, which means a \$5,000 investment in the energy heavyweight will help you generate \$360 in annual dividend income. Analysts tracking the stock expect the company to grow earnings at an annual rate of 6.5% in the next five years, which means ENB's forward price-to-earnings multiple of 17.6 is reasonable.

Analysts also have a 12-month average target price of \$52 for ENB stock, which suggests its trading at a discount of 12% right now. After accounting for its tasty dividend yield, total returns will be closer to 20%.

Brookfield Renewable Partners

Canada-based **Brookfield Renewable Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)) owns and operates a portfolio of renewable power-generating facilities that includes 193 hydroelectric stations, 11 wind facilities, and two natural gas-fired plants in North America and Brazil.

BEP stock is currently trading at \$53.81, which means its forward yield is currently just shy of 3%. The company is well poised to benefit from the worldwide shift towards renewable and clean energy solutions. It has a pipeline of 23 gigawatts, which is already higher than its current production capacity.

In 2020, BEP managed to [increase its fund from operations](#) by 6%, which allowed to increase dividend payouts by 5%. The management aims to increase dividends between 5% and 9% annually, making it a top stock for income investors.

In the last two decades, Brookfield Renewable Partners has managed to increase distributions at a CAGR of 6%.

Killam Apartment REIT

The final company on the list is **Killam Apartment REIT** ([TSX:KMP.UN](#)), a stock that trades at 13.3 times earnings and 18 times free cash flow per unit. Killam is [one of the largest residential REITs](#) in Canada with assets worth \$3.8 billion.

Killam owns, develops, and operates apartments and manufactured home communities (MHCs). Its properties are located in Ontario, Atlantic Canada, British Columbia, and Alberta.

The REIT giant aims to increase earnings from its existing portfolio. It is also looking to expand its portfolio and diversify geographically through accretive acquisitions and the development of high-quality properties in its core market.

Killam derives about a third of its net operating income from apartments built in the last decade. The company has also allocated \$850 million to support the future growth and development of properties.

Between 2015 and 2019, the company has increased net operating income at an annual rate of 9.2%. Comparatively, its total assets have grown by 12.5% in the same period. Killam Apartment stock has a forward yield of 3.7%, and its stock has risen by 60% in the last five years.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
4. TSX:ENB (Enbridge Inc.)
5. TSX:KMP.UN (Killam Apartment REIT)

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Date

2025/07/21

Date Created

2021/03/31

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