



## 3 Top Canadian Dividend Stocks With Yields Above 5%

### Description

Amid the low-interest environment, investors can earn stable passive income by investing in high-yielding dividend stocks. Meanwhile, these stocks are also less volatile than non-dividend-paying companies due to their regular payouts, thus providing stability to your portfolio. So, here are three Canadian stocks that pay dividends with above 5% yields.

### BCE

Amid increased digitization and remote working and learning, the demand for telecommunication services is rising. So, I have selected **BCE** ([TSX:BCE](#))([NYSE:BCE](#)), one of the three top telecommunication service providers in Canada, as my first pick. To capture the expanding addressable market, the company has [planned to invest at least \\$1 billion](#) over the next two years to widen its broadband and wireless networks.

Meanwhile, the company's management expects to add 900,000 new direct fibre and rural wireless home internet connections this year while doubling its 5G coverage. Along with these new connections, increased economic activities could drive the company's top line and cash flows. Additionally, the company's financial position also looks healthy, with its liquidity standing at \$3.8 billion at the close of last year. So, I believe the company's dividends are safe. Currently, the company pays quarterly dividends, with its yield standing at 5.75%.

### TC Energy

Despite the scrapping of the permit for its Keystone XL pipeline, **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)) has returned over 16% this year, easily outperforming the broader equity markets. Amid improvement in economic activities, the oil demand has increased. Investors hope that higher oil demand could drive its asset utilization rate and financials, in turn boosting its stock price. Meanwhile, the company earns about 95% of its adjusted EBITDA from rate-regulated assets or long-term contracts, delivering stable cash flows.

These stable cash flows have allowed TC Energy to raise its dividends for 21 consecutive years. Currently, the company pays quarterly dividends of \$0.87 per share, representing a dividend yield of 5.8%. Meanwhile, the company will be investing around \$20.2 billion over the next four years, with \$4.2 billion worth of projects put into service this year.

These investments could increase its rate base, thus boosting its earnings and cash flows. Supported by these investments, the management expects to increase its dividends at a 5-7% rate over the next few years. Given its stable cash flows, healthy growth prospects, and strong liquidity position, I believe [TC Energy is an excellent buy for income-seeking investors](#).

## Canadian Utilities

My third pick would be **Canadian Utilities** ([TSX:CU](#)), which is involved in the low-risk utility business serving around two million customers. It is also engaged in power production and storage services. Its regulated utility business generates stable cash flows, which have allowed the company to raise its dividends for 49 straight years.

Canadian Utilities currently pays quarterly dividends of \$0.4398, with its forward dividend yield standing at 5.1%. Meanwhile, the company's management is also looking at expanding its power-generating capabilities from renewable sources. Further, it has planned to invest around \$3.2 billion over the next three years on regulated utility assets and secured growth energy infrastructure projects.

These investments could boost its earnings and cash flows, allowing Canadian Utilities to maintain its dividend growth. At the end of last year, the company had \$778 million in cash. So, its financial position also looks healthy.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

### TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:TRP (Tc Energy)
3. TSX:BCE (BCE Inc.)
4. TSX:CU (Canadian Utilities Limited)
5. TSX:TRP (TC Energy Corporation)

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**Date**

2025/08/23

**Date Created**

2021/04/16

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