3 Great TSX Income Plays for Dividend Investors

Description

With the rise in inflation expectations, bond yields have been inching higher as of late. Rising bond yields are bad for growth and dividend stocks alike. However, research shows that companies that raise their dividends consistently outperform the market in times of rising yields.

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Accordingly, in this article, I'm going to cover three stocks that fit this bill perfectly. These three stocks each have attractive current yields. However, these are also among the best dividend-growth companies on the TSX.

So, let's get to it.

BCE

The telecom space is one heck of an exciting place to invest right now. Typically a boring sector, the growth prospects telecom players exhibit thanks to the rise of 5G makes these stocks intriguing dividend options now more than ever.

Indeed, **BCE** (TSX:BCE)(NYSE:BCE) is a stock known for providing stability and strong dividend earnings. The company is a massive Canadian telecom player, with strong 5G-related growth prospects. Thus, the company's generous dividend yield of 6% at the time of writing is one of the juiciest on the TSX. The company's valuation is a reasonable 21 times earnings, and I think this is a stock that's undervalued today.

BCE is expected to increase its earnings at a CAGR of close to 10%, which is quite impressive. Enough said.

Bank of Montreal

After taking a beating due to the pandemic, **Bank of Montreal** (TSX:BMO)(NYSE:BMO) has made a solid recovery. This large Canadian bank has seen its stock price rise more than 80% from its slump last year.

And for good reason.

BMO's recent earnings showed strength across all segments. Adjusted net income came in at more than $2 billion.

This sort of cash flow provides a lot of room for dividend growth on the horizon. With dividend restrictions loosening in the North American financials space, I think it's very likely that we'll see more dividend growth on the horizon.

Regardless, from a total return perspective, this stock has been a long-term winner. I don't expect that to change.

Enbridge

In the pipelines space, **Enbridge** (TSX:ENB)(NYSE:ENB) has one of the best dividend yields among its peers. First of all, a sky-high yield of 7.2% may scream "unsustainable" to many investors. However, the company believes it's got a solid plan in place to not only maintain this divided, but continue to increase it over time.

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Enbridge's management team has reduced its forward guidance for dividend increase from the high-single digit range to the low-single digit range (around 3% a year moving forward). Enbridge will use the excess cash it would have otherwise paid out in dividends to stabilize its balance sheet and pay for ongoing capital expenditures for its infrastructure.

While I was expecting the market to take this news more positively, Enbridge's yield remains high. For those seeking high-quality, high-yield options, Enbridge is among the best on the TSX.

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