Power Up Your Portfolio With These 2 Dividend Stocks

Description

The Canadian stock market is near its all-time high amid a pandemic. The recent unemployment rate in Canada of 7.5% in March 2021 was still relatively high compared to 2019's 5.7%. Here are a couple of safe dividend stocks you can consider for powering up your portfolio!

Buy this defensive dividend stock

Power Corporation of Canada (TSX:POW) is a holding company of insurance, retirement, wealth management and investment businesses. It consists of about 67% of **Great-West Lifeco**, 62% of **IGM Financial**, 14% of **GBL**, a couple of investment platforms, and economic interests in China AMC.

Power Corp. is also the largest shareholder of Wealthsimple, an online brokerage that allows Canadians to easily invest with low fees and no account minimums. China AMC is an asset manager in China with about RMB 1.6 trillion of assets under management at the end of 2020.

Power Corp. has maintained or increased its dividend for at least 20 years and is a Canadian Dividend Aristocrat. Its five-year dividend-growth rate is 7.9%. It offers a yield of close to 4.9% and is awarded a solid S&P credit rating of A+.

The dividend stock has price momentum. It broke out in March and has climbed 15% higher since. At a reasonable valuation, it could continue providing steady price appreciation while paying a nice dividend income for long-term investors.

Interested investors can consider waiting for its Q1 financial results that Power Corp. will report very soon on Friday.

Power up your portfolio with wind power

There's a tailwind for renewable power companies, including for **Northland Power** (TSX:NPI), which primarily comprises a wind portfolio. Wind contributes about 58% of Northland Power's operating capacity, including offshore wind of 46% and onshore wind of 12%. Natural gas also contributes 39% of its portfolio.

Much of the utility’s cash flow comes from its wind portfolio. Specifically, 65% of its adjusted EBITDA, a cash flow proxy, comes from its offshore wind assets, 6% comes from onshore wind, 6% comes from solar assets, and 23% comes from natural gas.

The company is at the forefront of offshore wind development. Approximately 70% of its capacity under construction uses that technology.

Northland Power sees an acceleration in offshore wind development in the latter half of the decade through 2030.

Last month, in an equity offering, Northland Power raised $990 million at $44 per share. The equity offering was partly used to fund its acquisition of a 540 MW operating wind and solar portfolio for its entry into the Spanish renewables market.

The stock corrected more than 20% from its 52-week high. At $39.13 per share at writing, analysts estimate the dividend stock can appreciate close to 36% over the next 12 months. Northland Power stock also provides a nice yield of close to 3.1%.

Over the next five years, it has identified potential investments of $15-20 billion with its partners ($10-14 billion net Northland’s ownership interest). Management estimates an average double-digit rate of return across these projects, which could double the size of the company again by 2030.

The Foolish takeaway

Power Corp. and Northland Power are decent dividend stocks to buy right now. Power Corp. is reasonably priced and provides a juicy dividend yield of almost 5%, which could be attractive for income investors. Northland Power offers a smaller yield of about 3% but can provide greater total returns over the next few years.

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kayng