



The 4 Best Canadian Stocks to Lock In a 6% Dividend Yield

Description

Do you know you can double your money in 12 years with a 6% average dividend yield? That is the [Rule of 72](#). Just divide your average return with 72 to know how many years it will take to double your money. Now, 12 years may seem like a long time, but 6% is just the first layer of returns.

How to earn a 6% average annual return

I have identified four stocks that will allow you to lock in a 6% dividend yield for at least a decade. Some of these stocks may grow their dividends by 3-5%, and some might also give capital appreciation in 12 years. This additional layer of returns could help you double your money faster than you think.

Stocks that offer dividend growth

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is an oil and gas pipeline operator that has the advantage of having the largest pipeline infrastructure across North America, which it has built over 60 years. Most of its projects have paid off and improved its cash flow to such an extent that it can fund its future projects and pay incremental dividends.

Enbridge has a toll model wherein it collects toll money for transmitting oil and natural gas through its pipelines. It increases the toll rate regularly. Moreover, it increases its cash flow by adding new pipelines and transfers some of this benefit to shareholders through dividends. This has allowed it to increase its dividend at a compounded annual growth rate (CAGR) of 10% in the last [26 years](#). As it becomes increasingly difficult to build new pipelines, I expect the dividend-growth rate to slow in the coming 10 years.

By investing in Enbridge today, you can lock in a 6.76% dividend yield.

BCE ([TSX:BCE](#))([NYSE:BCE](#)) is another stock that pays incremental dividends on the back of its telecom infrastructure. The company earns subscription revenue and invests this money to expand its infrastructure. Every year, it adds new subscribers, which has helped it increase its dividend at a CAGR of 6.4% in the last 10 years.

BCE is investing aggressively in broadband and [5G](#) infrastructure. As the 5G rolls out, it will connect more devices to the internet and increase the subscription cost. This could help BCE grow its dividend at an accelerated rate and increase its stock price.

You can lock in a 5.52% dividend yield by investing in BCE today.

Stocks that pay monthly dividends

The above two companies pay dividends quarterly, but here are two companies that pay them monthly.

SmartCentres REIT ([TSX:SRU.UN](#)) is Canada's largest retail REIT. It enjoys being the tenant of **Walmart** stores. The beauty of Walmart is, it is an essential service. It attracts foot traffic. This helps SmartCentres find tenants for nearby stores also. Moreover, the REIT is expanding into mixed-used properties like residential, commercial, and storage facilities. Some of these properties are for sale and some are for lease.

It earns cash from rent, which it distributes as monthly dividends. The REIT has proved its resilience by maintaining its dividend per share in the 2009 and 2020 crises. Although the REIT has not increased its dividends significantly, it has a track record of not missing a single payment for more than 12 years.

You can lock in a 6.14% dividend yield by investing in SmartCentres today.

Keyera ([TSX:KEY](#)) is not as big as Enbridge but enjoys the same benefits as a pipeline operator. It even gathers and stores natural gas and earns revenue from fee-for-service and take-or-pay contracts. Even though it has not increased its dividends regularly, it has increased them at a CAGR of 7% since 2008.

As oil and natural gas demand recovers, Keyera will benefit from higher revenue and cash flows. You can lock in a 6.15% dividend yield by investing in the energy infrastructure company today.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing
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2. NYSE:ENB (Enbridge Inc.)
3. TSX:BCE (BCE Inc.)
4. TSX:ENB (Enbridge Inc.)

5. TSX:KEY (Keyera Corp.)
6. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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Author

pujatayal

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