Forget Air Canada (TSX:AC): These 3 Dividend Stocks Are Better

Description

Air Canada (TSX:AC) stock is facing renewed risks due to the COVID-19 pandemic. With the Delta variant sweeping the globe, public health measures may have to be brought back, which could lead to lockdowns and self-isolation orders. Just recently, the U.S. logged 873 COVID deaths in a single day. With such numbers, it's hard to feel optimistic for airlines like Air Canada. If the U.S. is in the midst of a fourth wave, then Canada will probably enter one sooner or later.

With that will come lower revenue and profit for Air Canada. This makes the stock a very risky proposition today. Fortunately, there are plenty of other great stocks to choose from that are not as risky — particularly dividend stocks. Many dividend stocks have safe payouts that will reward you with cash whether the markets are up or down — something you don't get with AC stock. In this article, I'll explore three such dividend stocks that look better than Air Canada today.

Toronto-Dominion Bank

Toronto-Dominion Bank (TSX:TD)(NYSE:TD) is a bank stock that yields 3.7% with a super-low 41% payout ratio. That suggests a safe dividend that can grow over time. Now, TD does face some COVID-19 risks of its own. When COVID-19 lockdowns are implemented, many businesses go out of business and many homeowners become unemployed. TD loans money to both businesses and homeowners, so it's vulnerable to lockdowns. But the effect is much smaller than the effect on airlines. In fact, you could argue that it's mostly just an "on-paper" effect brought on by higher PCLs: TD did not actually have a wave of defaults materialize because of the pandemic. So, this dividend stock is pretty safe long term, despite the Delta variant risk factors.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is a Canadian dividend stock with a sky-high 6.84% yield. The stock is down over a five-year period, yet it has raised its dividend by a 9% CAGR over that same five years. The result is the stunningly high yield we see today. Enbridge is a pipeline company in the oil & gas industry. Its stock tends to fall when the price of oil goes down, but its business isn't actually affected too much by the price of oil. It makes money off transportation fees not oil sales. So as long as the demand side of the equation is right, Enbridge will do fine from an income perspective. The stock price, however, may not immediately follow suit.

Brookfield Asset Management

Last but not least, we have **Brookfield Asset Management** (TSX:BAM.A)(NYSE:BAM). This dividend stock only has a 0.93% yield, but it's worth considering for other reasons. The company is operationally diversified, with investments in private equity, real estate, and asset management. It runs its operations through a number of arms-length companies, many of which are publicly traded in themselves. Its investments have outperformed the Canadian stock market over the last decade. In its most recent quarter, the company posted $6.4 billion in investment gains. It's not the highest-yielding dividend stock, but it's one worth considering, nonetheless.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BN (Brookfield Corporation)
2. NYSE:ENB (Enbridge Inc.)
3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:BN (Brookfield)
5. TSX:ENB (Enbridge Inc.)
6. TSX:TD (The Toronto-Dominion Bank)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. andrewbutton
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Tags

1. Editor's Choice

Date
2025/07/23
Date Created
2021/08/20
Author
andrewbutton