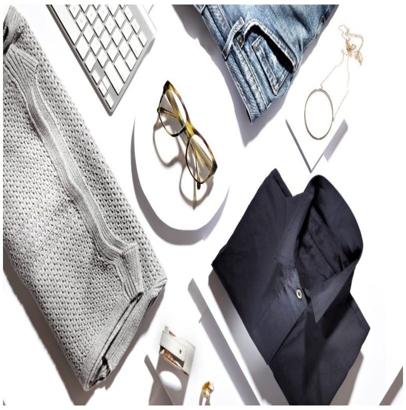

Top 5 Dividend Stocks for Beginners

Description

The stock market has been in bear mode since July. First, the Canada Revenue Agency (CRA) reduced the Canada Recovery Benefit (CRB) to $300, then disputes over oil production pulled down oil stocks, and now the fourth wave has stalled recovery. As Canada has the world's third-largest oil reserve, energy stocks dominate the **Toronto Stock Exchange** along with financial stocks. This bearishness has created an opportunity to buy dividend stocks at a discount and lock in a higher dividend yield for a lifetime.

If you have still not planned your Tax-Free Saving Account (TFSA) investment, here are five stocks to park in $3,000 from the $6,000 annual limit.

Canadian Utilities

Canadian Utilities (TSX:CU) supplies electricity and natural gas to several regions in and outside Alberta, Latin America, and Australia. It also generates and distributes electricity and transits natural gas. The electricity demand will continue to grow, and so will your electricity bill. The upcoming trend of electric cars, smart cities, and smart homes will drive electricity demand, leading to rising cash flows for Canadian Utilities. Hence, it is no surprise that the company has been increasing its dividends for 49 consecutive years. It will likely complete the 50th year of dividend growth too.

The stock dipped 2.4% in July, allowing you to lock in a 4.93% dividend yield for a lifetime. If you invest $600, it will pay you $29.6 every year and even increase this amount.

BCE stock

Walking on the lines of dividend growth comes another stock **BCE** (TSX:BCE)(NYSE:BCE). It has the largest telecom infrastructure in Canada that fetches subscription revenue for the company. It has been paying regular dividends for more than 38 years, but it was only in the last 12 years it increased dividends annually at an average rate of 7%. This is a stock with a high dividend yield of 5.4% plus capital appreciation.

BCE is currently investing in the 5G infrastructure and is at the peak of the rollout. That explains its ~18% stock price rally. The company's dividend growth might be low as it channelizes cash flow on the 5G rollout. But in a few years, the 5G will lead to more subscriptions as more devices access the internet, leading to higher dividends.

TC Energy stock

Energy stocks are in a bear run because of the tepid recovery and the growing environmental concerns. **TC Energy** (TSX:TRP)(NYSE:TRP) stock dipped 10% since mid-June after it cancelled its $9 billion Keystone XL Pipeline project due to environmental issues. The project was already over budget due to the various construction issues.

While many see the end of the project as a negative, a value investor sees it as an opportunity, thereby freeing TC Energy's resources. The company can recoup the Keystone losses from other projects. The company has been paying regular dividends for over 20 years and even increased them at an average annual rate of 6.8% for the last 10 years. The project cancellation might slow its dividend growth in the short term, but the capital savings would offset the losses. This dip is a good opportunity to lock in a 5.85% dividend yield for a lifetime.

SmartCentres REIT

Not all companies increase dividends but pay high dividend yields regularly. **SmartCentres REIT** (TSX:SRU.UN) has been paying monthly dividends for over 12 years. It survived the 2009 financial crisis and the pandemic without dividend cuts. The REIT managed to retain dividends because of its high exposure to **Walmart**, which accounts for over 25% of its rental income. While Walmart-anchored stores have their benefits, there is also a risk of under diversification. If Walmart shifts stores, SmartCentres REIT could dip significantly. Until that day comes, you can enjoy a 6.1% dividend yield.

The dividend ETF

If you don't have enough money to create a dividend portfolio, invest in the **iShares Canadian Select Dividend Index ETF** (TSX:XDV) It has holdings in 29 dividend stocks and has a dividend yield of 3.93%. For less than $31 per unit, you can get exposure to top dividend stocks trading on the Toronto Stock Exchange.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks

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5. Stocks for Beginners

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:SRU.UN (SmartCentres Real Estate Investment Trust)
6. TSX:TRP (TC Energy Corporation)
7. TSX:XDV (iShares Canadian Select Dividend Index ETF)

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