3 Canadian Dividend Stocks to Get a 5% Yield

Description

The ultimate goal of investing is to earn stable income. Established businesses earn profits that are stable enough to pay out dividends. Here are three Canadian dividend stocks that are paying out yields of more than 5%.

BCE stock

BCE (TSX:BCE)(NYSE:BCE) stock has long been sought after by retirees and income investors. Even though it appears to be fully priced today according to analysts, the big Canadian telecom stock still provides a juicy yield of 5.4%. This generous yield was boosted by a dividend hike of 5.14% last month. The quarterly dividend of $0.92 per share equates to an annualized payout of $3.68 per share. February's dividend hike marks the 14th consecutive year of dividend increases.

Since 2015, BCE has increased its dividend by about 5% each year like clockwork. Typically, BCE's substantial free cash flow generation is able to cover its dividend payments. However, its free cash flow has declined from 2019's $3.97 billion to 2021's $1.09 billion, while it paid out more than $3.2 billion in cash dividends in 2021. The math doesn't add up anymore!

The fact is BCE has been allocating more cash flow to its capital expenditure and investing in its network and the company's future. For the time being, 2022 should mark the end of substantial capital spending. In other words, its free cash flow can pop right back up again as soon as 2023. So, long-term income investors do not need to be too concerned.

Enbridge stock

Enbridge (TSX:ENB)(NYSE:ENB) stock is a blue-chip, high-yield dividend stock in the energy space. Here's some professional commentary on the stock this month:

> "More of a trade. EPS is $3.08 for this year, and it pays out $3.45. Model price of $55.20, or

> -1%. Get out at $59. If we had a major correction, look at buying it again at $43."
> *Brian Acker, president, CEO, and chief investment strategist at Acker Finley*

> "It pays over 6% dividend, though dividend growth has slowed to 3%. A solid business in moving oil through pipelines; the world will use oil for 25 years longer or more. It won't benefit much from the oil price surge, because of existing contracts ENG signed."
> *Bruce Murray, CEO and CIO of The Murray Wealth Group*

> "The company has dialed back dividend growth recently, so the payout ratio doesn't get too high. Its yield is very healthy. Fairly safe for an RRSP. Short-term risk of open-ended mainline contracting. Latest rally leaves little room for disappointment."
> *Varun Anand, vice president and senior portfolio manager at Starlight Capital*

Essentially, ENB stock yields a safe 6.1% dividend based on its cash flow generation, but it's fully valued.

Manulife stock

Manulife (TSX:MFC)(NYSE:MFC) stock provides a safe yield of 5.1% that is generous income. It's cheap, trading at about 7.8 times earnings, and expected to grow earnings per share by at least 8% per year over the next few years. Here is some professional commentary on the stock this month:

> "Good company, nice dividend. Asian franchise is really strong, which will add growth over the long term, but is adding volatility right now. Not paying a lot for it, either on PE or price to book. Nice story to have."
> *Paul Harris, partner and portfolio manager at Harris Douglas Asset Management*

> "We're watching the impact of Hong Kong on MFC. She prefers owning Canadian banks to lifecos. MFC trades at a discount to the group. The management continues to rectify past company mistakes. The dividend is safe."
> *Christine Poole, CEO and managing director at GlobeInvest Capital Management*

CATEGORY

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1. NYSE:BCE (BCE Inc.)
2. NYSE:ENB (Enbridge Inc.)
3. NYSE:MFC (Manulife Financial Corporation)
4. TSX:BCE (BCE Inc.)
5. TSX:ENB (Enbridge Inc.)

6. TSX:MFC (Manulife Financial Corporation)

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