Top 2 Dividend Stocks for April

Description

The best dividend stocks are the ones that generate substantial cash flows regardless of economic conditions. With that in mind, here are the top two dividend stocks that should be on your radar in April.

Dividend stock #1

Enbridge (TSX:ENB)(NYSE:ENB) is usually an ideal target for investors seeking safe passive income. The company operates North America's largest network of natural gas pipelines. This essential piece of infrastructure generates predictable returns over the long term. That's what allows Enbridge to offer such generous dividends.

However, the natural gas carried through these pipelines has become more valuable in recent months. The Russian invasion of Ukraine and shifting dynamics in global energy supply have pushed natural gas prices to historic highs. That serves as a tailwind for providers like Enbridge.

The stock already offers a lucrative dividend yield of 6%. That dividend is hiked nearly every year. Enbridge has managed to expand its payout by a compounded annual rate of 10% over the past 27 years. This year's boost could be higher-than-average if natural gas prices remain elevated. That's why Enbridge stock deserves a spot on your watch list.

Dividend stock #2

Manulife Financial (TSX: MFC)(NYSE:MFC) is a top pick in the insurance and financial sector. That's because this is one of the few globally diversified financial giants on the Canadian stock market. As one of the largest life insurers in the world, the company boasts of over $1 trillion in assets under management. It also boasts a diversified business footprint with operations in Asia and North America.

The company recently delivered solid fourth-quarter results that affirmed strength in key growthmetrics. Manulife beat earnings-per-share estimates by more than 3% on landing at $0.84, with thebottom line improving 17% year over year.

Core earnings also improved 8.3% to $1.7 billion with asset wealth management, and new business helped offset declines in the U.S. and Canada. Manulife has also succeeded in growing its earnings per share by an average of 20% year over year.

The strong quarterly results resulted in strong capital appreciation, allowing Manulife to hike its dividend. The company currently rewards shareholders with a 4.8% yield. Stable cash flow growth should enable the company to continue rewarding investors with continued dividend growth.

There is no doubt that Manulife is a cheap stock considering that it is trading at only seven times its trailing earnings. The stock price has drifted 6% lower since February. For long-term investors, it is an ideal opportunity. Manulife is the perfect mix of dividend growth and international diversification. The fact that it’s trading at a discount makes it even more appealing.

Bottom line

Investors can expect higher interest rates and higher gas prices in the months ahead. That’s why service providers in these sectors, such as Enbridge and Manulife, should be on your watch list.

CATEGORY

1. Dividend Stocks
2. Investing

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

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Date
2025/08/30
Date Created
2022/03/25
Author
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