Got $1,000? Buy These 3 Dividend Stocks With Yields Above 5%

Description

The Canadian equity markets have remained strong, despite the concerns over the Russia-Ukraine war and its impact on global growth. The S&P/TSX Composite index is trading 3.7% higher this year and just 0.8% lower than its all-time highs. However, the rising inflation is a cause of concern. Yesterday, Statistics Canada reported that Canada's inflation in March stood at 6.7% — a 31-year high.

The Bank of Canada increased interest rates by 0.5% earlier this month amid rising inflation. Meanwhile, economists are expecting more such rate hikes in the coming quarters. Interest rate hikes could increase borrowing costs, thus hurting global growth. So, I expect the volatility in equity markets to continue. Given the uncertainty, investors can strengthen their portfolios by adding the following three safe dividend stocks that pay dividends higher than 5% in this uncertain outlook.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) has rewarded its shareholders by paying dividends uninterrupted for the last 67 years. It has also raised its dividend at a CAGR of over 10% since 1995. The company currently operates over 40 diversified revenue-generating assets, with around 98% of its adjusted EBITDA generated from regulated assets or long-term contracts. So, its cash flows are reliable, thus allowing it to raise its dividend consistently. Currently, its forward dividend yield stands at a juicy 5.87%.

Meanwhile, Enbridge had put $10 billion of projects into service last year, which could boost its financials this year. The company hopes to invest around $5-$6 billion annually for the next three years, expanding its asset base. So, these investments could boost the company's cash flows in the coming years, thus aiding it in maintaining its dividend growth. The company also trades at an attractive NTM price-to-earnings multiple of 19. So, I am bullish on Enbridge.

NorthWest Healthcare Properties

With a dividend yield of 5.75%, **NorthWest Healthcare Properties REIT** (TSX:NWH.UN) is my second pick. Given its highly defensive healthcare portfolio, long-term contracts, and government-supported tenants, the company’s occupancy and collection rate remain high irrespective of the state of the economy. A substantial part of its rent is inflation-indexed, which is encouraging. Currently, the weighted average lease expiry for the company stands at 14.3 years.

Meanwhile, NorthWest Healthcare closed its previously announced acquisition of 27 cure-focused healthcare properties worth $765 million on Tuesday. It is looking at strengthening its position in Australia, Europe, and Canada. Also, its project pipeline looks robust. So, these investments could boost its cash flows, thus allowing the company to pay its dividend at a healthy yield.

BCE

The rising digitization and increased adoption of remote working and online shopping have increased the demand for telecommunication services. So, I have selected **BCE** (TSX:BCE)(NYSE:BCE), one of the three main players in the Canadian telecom industry, as my final pick. Amid the rising demand, the company has accelerated its capital spending to expand its 5G service and wireless home internet services.

Given its accelerated spending, the company expects to add 900,000 new wireless home internet connections this year. With the company’s 5G service covering 70% of the Canadian population as of December 31, the company is also working on extending its service to other parts. With the return of a regular sports schedule amid the easing of restrictions, the company’s revenue from its Bell Media segment could also rise.

So, given its high growth prospects, I believe BCE is well equipped to continue paying a dividend at a healthy rate. With a quarterly dividend of $0.92, its forward yield currently stands at 5%.

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2. Investing

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