3 Blue-Chip Dividend Stocks to Buy in May

Description

While there are several investment strategies that can help you deliver inflation-beating returns over time, building a portfolio of quality dividend-paying stocks remains a top bet. Historically, dividend-paying companies have outpaced the broader markets by some margin.

Generally, a company that offers investors a dividend derives a stable stream of cash flows that can be distributed among shareholders. Further, corporates may increase these payouts each year if they can improve earnings consistently over time.

Let's take a look at three such blue-chip stocks trading on the TSX.

Brookfield Renewable Partners

One of the largest renewable energy companies in the world, **Brookfield Renewable Partners** (TSX:BEP.UN)(NYSE:BEP) offers investors a dividend yield of 3.3%. It already has a portfolio of 21 gigawatts that includes solar, wind, and hydro. Further, Brookfield Renewable has 62 gigawatts of projects under development, which will increase its cash flows significantly in the upcoming decade.

Brookfield Renewable signs long-term PPAs, or power purchase agreements, allowing it to generate cash flows across business cycles. For example, last December, it signed a 40-year PPA for a hydroelectric asset, which will bring in US$20 million each year.

Brookfield Renewable has targeted annual dividend increases between 5% and 9% which is in line with its past performance. In the last nine years, the renewable energy giant has increased dividends at an annual rate of 6%.

Brookfield Renewable confirmed it will invest between US$1 billion and US$1.2 billion each year to widen and diversify its asset portfolio. Given its dividend yield and consensus price target estimates, BEP stock might return over 17% to investors in the next year.

Enbridge

One of Canada's largest companies, **Enbridge** (TSX:ENB)(NYSE:ENB) offers investors a forward yield of 6.1%. Enbridge transports oil and natural gas via its robust network of pipelines.

More than 90% of Enbridge's cash flows are backed by long-term contracts, allowing it to increase its dividend for 27 consecutive years.

Enbridge generated 58% of its adjusted EBITDA from its oil pipelines business that connects Canadian Oil Sands with the rest of North America. Its natural gas pipeline accounts for 26% of EBITDA, while its natural gas utility operations make up another 12%.

Moreover, Enbridge also has a clean energy business that contributed to 4% of EBIDTA. This segment is expected to gain traction as Enbridge aims to deploy around 33% of its capital expenditures towards renewable energy.

Brookfield Asset Management

The final stock on my list is **Brookfield Asset Management** (TSX:BAM.A)(NYSE:BAM) which returned 46% to investors in 2021. In the last 10 years, total returns after adjusting for dividends stand at 340%.

An alternative asset management company, Brookfield reported a net income of US$12.4 billion in 2021 while distributable earnings surged by US$2 billion to US$6.3 billion. Further, its funds from operations increased to US$7.56 billion in 2021 compared to US$5.18 billion in 2020.

In the last year, Brookfield's net capital inflows stood at US$71 billion, as it launched multiple funds targeting verticals across verticals such as real estate, infrastructure, and private equity. An increase in capital inflows should result in higher fee-related earnings for Brookfield.

While BAM stock offers investors a forward yield of just 1%, it's trading at a discount of 41% to consensus price target estimates.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. NYSE:BN (Brookfield Corporation)
3. NYSE:ENB (Enbridge Inc.)
4. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
5. TSX:BN (Brookfield)
6. TSX:ENB (Enbridge Inc.)

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. araghunath
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Date
2025/09/03
Date Created
2022/04/26
Author
araghunath