



## +5% Dividend Yields: 5 TSX Stocks to Buy in May 2022

### Description

Every portfolio should have dividend stocks to fall back on in a downturn. Here are five dividend stocks that offer dividend yields over 5% annually and are great investments to earn [passive income](#).

- **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)): 6.15%
- **BCE** ([TSX:BCE](#))([NYSE:BCE](#)): 5.21%
- **Capital Power** ([TSX:CPX](#)): 5.21%
- **TransAlta Renewables** ([TSX:RNW](#)): 5.24%
- **BTB REIT** ([TSX:BTB.UN](#)): 7.13%

I have diversified the list with one stock from each sector and arranged them in the order of preference.

### Enbridge stock

When looking for dividend stocks, no one beats Enbridge at this game. It has one of the highest dividend yields among pipeline operators. Even at a 6% dividend yield, it has continued to grow its dividend yield every year for the last 27 years. It has managed to give regular dividends because of its robust business model that depends on oil and gas volumes instead of prices. Canada exports 99% of its oil to America, and Enbridge pipelines help with the transmission. You can imagine the toll money of the inter-country transmission.

Building new pipelines is becoming difficult for the environmental hazards they create, posing a threat to dividend growth in the near term. Moreover, the energy industry is accelerating its efforts to shift to clean energy. But Enbridge will use its pipelines to transmit clean energy, thereby safeguarding regular dividends in the long term.

### BCE stock

While Enbridge has slowed its dividend growth to 3% in recent years, BCE continued to grow dividends at a 5% compounded annual growth rate (CAGR) in the last 10 years. The telecom giant can continue

to grow its dividend in the coming 10 years, as it taps the 5G revolution.

The company has accelerated its capital investment in deploying 5G infrastructure. The proliferation of connected devices is increasing the need for high-speed internet. [5G](#) will grab more subscriptions at a higher rate for BCE, leaving ample scope for dividend growth.

## Capital Power stock

I have two energy companies on my list. Capital Power has been paying regular quarterly dividends since 2009 and increasing them since September 2014 at a CAGR of 7%.

Capital Power develops and operates 27 renewable and thermal power-generation facilities across Canada and the United States. It has also invested in carbon capture and utilization, keeping it in the good books of environmentalists. The company has 6,600 MW of power generation capacity. It is adding 385 MW of renewable generation capacity and 512 MW of incremental natural gas combined cycle capacity. These upcoming projects will open new lines of cash flows and dividend growth.

## TransAlta Renewables

TransAlta Renewables takes fourth place in my list, despite a higher dividend yield. This is because it has paid regular monthly dividends [since 2013](#) but did not grow them every year. The last dividend growth of 6.8% was in August 2017.

TransAlta has renewable energy facilities in the U.S., Canada, and Australia, with a gross installed capacity of three gigawatts. Its long-term supply contracts, with 12-year weighted average contract life, ensure regular cash flow. Last year, it acquired the Windrise Wind Project and North Carolina Solar project.

As the energy industry accelerates the transition to clean energy, TransAlta Renewables could be a beneficiary. It will enjoy government support that will help it build new facilities faster and cost efficiently. This opens up possibilities for higher dividend growth, as new projects come online.

## BTB REIT

BTB has the highest distribution yield among the five funds but is at the bottom of my list because of its dividend history. The commercial [REIT](#) owns and manages 75 properties in Canada. Its portfolio comprises mid-market office, retail, and industrial properties. It has been paying regular monthly distributions since 2015, but it slashed its distribution in June 2020, as the pandemic moved offices to home.

Unlike other companies, BTB is a small-cap stock with a market capitalization of \$360 million. This makes it a risky investment, as it has a lower trading volume than others. The 7% distribution yield is the reward for the higher risk associated with the REIT.

## CATEGORY

1. Dividend Stocks

2. Investing

## **TICKERS GLOBAL**

1. NYSE:BCE (BCE Inc.)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:BCE (BCE Inc.)
4. TSX:BTB.UN (BTB Real Estate Investment Trust)
5. TSX:CPX (Capital Power Corporation)
6. TSX:ENB (Enbridge Inc.)
7. TSX:RNW (TransAlta Renewables)

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