



4 Stocks With Yields Over 5%

Description

Finding the right mix of income stocks that can provide a decent income takes time and patience. Even when those stocks are found, not all dividend stocks can provide the stability needed for decades of uninterrupted income. Fortunately, there are some great stocks with yields over 5% that are great buys.

Here are four options to consider.

Bank stocks are a great place to start

Canadian Imperial Bank of Commerce ([TSX:CM](#))([NYSE:CM](#)) is the first stock to mention. The bank offers decades of solid dividend growth. CIBC also boasts a reliable revenue stream from domestic and international segments.

Canada's [big banks are great long-term options](#). Apart from being well capitalized, they are less risk averse than their American peers. As a result, CIBC and its peers are less likely to see the type of meltdown we see in the U.S. banking sector nearly every decade.

In other words, the bank generates piles of cash, has decades of experience, and has a huge domestic moat. As an income stock, the bank pays out a generous 5.05% yield at the time of writing. CIBC also provides investors with generous annual bumps to that dividend.

Telecoms are great defensive stocks

Canada's telecoms, or, more specifically, **BCE** ([TSX:BCE](#))([NYSE:BCE](#)) represents another option for investors looking for stocks with yields over 5%.

BCE is one of the largest of Canada's telecoms, offering subscription services to customers from coast to coast. In addition to that traditional subscription business, BCE also boasts a sizable media segment. The media segment comprises dozens of TV and radio stations, which is complementary to its core business.

BCE is a great growth stock, too. The importance of its internet and wireless segments has grown considerably since the pandemic started, providing a boost to earnings. Those segments are now seen as necessities to people that now work and study remotely full time. In other words, BCE has a massive defensive moat.

Turning to dividends, BCE pays out a generous 5.77%. Prospective investors should also note that BCE has paid out dividends for well over a century without fail.

Speaking of defensive stocks, have you considered this utility?

Utilities are superb long-term investments. They follow a very stable business model, generate a stable and recurring revenue stream, and pay out generous dividends. Perhaps most importantly, utilities are excellent options to offset inflation.

That's why investors looking for stocks with yields over 5% should strongly consider buying **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)).

Algonquin boasts an all-renewable portfolio that is backed by long-term regulatory contracts that keep the revenue flowing. The company is also actively investing in growth initiatives through its massive US\$8.8 billion capital-investment plan.

As an income stock, Algonquin boasts an appetizing 5.57% yield. Adding to that appeal is the fact that Algonquin has provided annual upticks to that dividend without fail for over a decade.

Buy this rising star now for years of income

Despite the dismal performance of the market in 2022, there are some clear winners that have shown solid growth. **Freehold Royalties** ([TSX:FRU](#)) is a prime example of a great income stock to own. The stock is still up over 12% year to date, despite a recent selloff.

For those that are unfamiliar with the stock, Calgary-based Freehold is an oil and gas royalty company. The company owns over 6.2 million gross acres of land in Canada and a further 0.8 million gross drilling unit acres in the U.S.

The company receives royalties from companies that are operating on that land. In other words, Freehold is a lower-risk alternative to volatile energy stocks.

Best of all, Freehold boasts a monthly dividend with a juicy 7.33% yield.

Final thoughts

No stock is without risk, and that includes the four stocks with yields over 5% that are mentioned above. Fortunately, owning a well-diversified portfolio across a broad section of the market can help to minimize that risk.

The four options above are great examples of that and even possess some defensive appeal. Best of all, they all boast yields of at least 5%, making them some of the best dividend-paying stocks on the market.

In my opinion, one or all of the stocks would do well as part of a well-diversified portfolio.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:BCE (BCE Inc.)
3. NYSE:CM (Canadian Imperial Bank of Commerce)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:BCE (BCE Inc.)
6. TSX:CM (Canadian Imperial Bank of Commerce)
7. TSX:FRU (Freehold Royalties Ltd.)

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