3 Top Dividend Stocks to Buy Amid High Inflation and Rising Interest Rates

Description

Amid the concerns over rising inflation, the Bank of Canada raised its benchmark interest rate by 100 basis points yesterday, thus increasing the policy interest rate to 2.5%. The interest rate hike exceeded analysts' expectations of 75 basis points. The central bank has warned of further increases. Higher interest rates could increase borrowing costs, thus hurting global growth.

So, given the challenging environment, here are three top dividend stocks that can boost your passive income while also providing stability to your portfolio.

Enbridge

Amid rising energy demand and supply concerns, I believe **Enbridge** (TSX:ENB)(NYSE:ENB) is an excellent buy right now. The company currently operates 40 diverse revenue-generating assets, with around 98% of its cash flows generated from regulated assets and long-term contracts. Also, the company can pass on the increased expenses to its customer, as around 80% of its EBITDA is inflation indexed.

Supported by these solid cash flows, Enbridge has raised its dividend for the last 27 years, while its forward yield stands at a juicy 6.37%. Meanwhile, the company has committed to invest around $5-6 billion annually for the next three years, expanding its midstream energy and renewable assets. Amid these investments and solid underlying business, the company's management expects an average annualized growth of 5-7% in its distributable cash flow per share in the medium term. So, the company is well equipped to maintain its dividend growth. Considering all these factors, I am bullish on Enbridge.

Bank of Nova Scotia

Despite the fears of recession, **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS) is my second pick. The company has witnessed a steep correction amid rising interest rates and higher prices over the last few months. It has lost around 22% of its stock value compared to its February highs while dragging its

NTM price-to-earnings ratio down to an attractive 8.7.

Meanwhile, the increase in interest rates could broaden the gap between lending and deposit rates, thus benefiting financial institutions, including Bank of Nova Scotia. The company’s substantial exposure to high-growth markets, diversified operations, and falling provisions could boost its financials in the coming quarters.

Notably, the Bank of Nova Scotia has been rewarding its shareholders by paying dividends uninterrupted for the last 189 years. With a quarterly dividend of $1.03/share, the company’s forward yield stands at a healthy 5.6%, making it an attractive buy for income-seeking investors.

NorthWest Healthcare Properties REIT

NorthWest Healthcare Properties REIT (TSX:NWH.UN) is my final pick. The company, which owns and operates 229 healthcare properties across eight countries, enjoys high occupancy and collection rate due to its long-term contracts and government-backed tenants. 80% of its rent is inflation-indexed, which is encouraging in this inflationary environment.

Meanwhile, the company is also strengthening its presence in lucrative markets, such as the United States, the United Kingdom, Australia, and Canada. Over the last 12 months, it has created around $2 billion in developmental projects, aligning with its global expansion strategy. It has also boosted its liquidity by deleveraging and issuing public offerings. So, given its stable cash flows and solid financial position, I believe NorthWest Healthcare’s dividend is safe. Meanwhile, with a monthly dividend of $0.067/share, its forward yield currently stands at 6.45%.

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3. TSX:BNS (Bank Of Nova Scotia)
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