Got $1,000? Buy These 3 Stocks With an Over 5% Dividend Yield

Description

A balanced investment strategy should combine different asset classes to balance the risk and returns of a portfolio according to an investor'S risk tolerance. So, a balanced portfolio would consist of high-growth stocks, dividend-paying companies, and bonds. Dividend-paying companies are less susceptible to market volatilities and provide stability to your portfolio. What's more, these companies deliver stable and reliable passive income. So, if you want to add dividend stocks to your portfolio, here are my three top bets.

Enbridge

With 40 diverse and regulated revenue-generating assets, **Enbridge** (TSX:ENB)(NYSE:ENB) delivers stable and reliable cash flows, thus allowing it to pay dividends for the last 67 years. The company has hiked its dividends at a CAGR (compounded annual growth rate) of 10% since 1995. Meanwhile, its dividend yield for the next 12 months stands at an attractive 6.14%.

Apart from its regulated midstream assets, Enbridge is aggressively investing in renewable power-generating facilities to drive growth. It plans to invest around $13 billion from 2022-25 to expand its asset base, with approximately $3 billion already spent this year. Supported by these investments, the company's management forecasts that discounted cash flows/share could grow at a CAGR of 5-7% through 2024. Under this scenario, undoubtedly, the company could maintain its dividend growth.

Its valuation also looks attractive, with its EV/EBITDA (enterprise value/earnings before interest, tax, depreciation, and amortization) standing at 18.4. Considering all these factors, I believe Enbridge would be a worthwhile buy right now.

TransAlta Renewables

With the growing transition towards clean energy, I have selected **TransAlta Renewables** (TSX:RNW), which operates a diverse portfolio of 50 power-producing facilities, as my second pick. The company sells most of its power through long-term power purchase agreements, with the weighted average remaining contract life standing at 11 years. These long-term agreements deliver stable cash flows, thus making the company's payouts safe. Currently, the company pays a monthly dividend of $0.07833/share, with its yield for the next 12 months at 5.21%.

TransAlta Renewables reported a solid second-quarter performance earlier this month, with its adjusted EBITDA and free cash flows growing by 30% and 23%, respectively. Adding new facilities, such as the Windrise and North Carolina Solar, has driven the company's growth. The company has reaffirmed its 2022 guidance, with its adjusted EBITDA projected to increase from $463 million in 2021 to $485-$525 million. Its NTM (next 12 months) price-to-earnings stands at 24, lower than its historical average, making it an attractively valued buy.

Pizza Pizza Royalty

With a dividend yield of 5.9%, **Pizza Pizza Royalty** (TSX:PZA) would be my final pick. Last week, the company reported a solid second-quarter performance, with its same-store sales growing by 20.3%. The reopening of its dining spaces and non-traditional restaurants and an increase in footfalls amid the easing of pandemic-related restrictions drove its sales. The company has also opened three new restaurants over the last six months.

Supported by its solid cash flows, Pizza Pizza Royalty has raised its dividends twice this year, which is encouraging. Meanwhile, given its growth initiatives, such as menu innovation, creative marketing campaigns, and restaurant expansion program, I expect the growth to continue. This pizza franchisor's investments in digital channels could also support its growth in the coming quarters.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)
3. TSX:PZA (Pizza Pizza Royalty Corp.)
4. TSX:RNW (TransAlta Renewables)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. cleona
2. rnanjapla

Category

1. Dividend Stocks
2. Investing

Date
2025/06/29
Date Created
2022/08/19
Author
rnanjapla