3 Quality Dividend Stocks Yielding +4%

Description

Investors aim to make money through stock investing. Generally speaking, the riskier a stock, the higher the returns it could potentially deliver. Simultaneously, it could also lead to massive losses. In the worst-case scenario, a poorly managed company would go bankrupt, and its stock would become worthless.

However, there are many "in-between" scenarios. For example, year to date, the Bank of Canada has performed one of the most aggressive interest rate hikes in its history, hitting high-multiple stocks the hardest. Even if these stocks don't go away, stock investors of high-multiple stocks from last year have massive losses of 20-50% year to date.

This brings me to discuss quality dividend stocks for this article. These stocks won't deliver amazing returns, but they can better protect your principal. In the long run, they have proven to deliver decent total returns that have steadily and securely increased the wealth of patient investors. Consequently, these stocks are ideal for conservative investors. They provide nice and safe dividend yields of 4% or higher today.

Fortis stock

Fortis (TSX:FTS) is one of the safest TSX stocks to invest in for passive income. It has a proven track record of increasing its dividend *every single year* for almost half a century. There's nothing more investors can ask for except that the market would provide you the opportunity to buy shares at a cheaper price. Investors' wishes were granted.

The stock sold off close to 25% from $65 earlier this year to below $49. Investors have been buying the dip, bidding the shares up 8% to the $53 level in the last month. The diversified regulated utility is still a decent buy for a 4.2% dividend yield today.

Brookfield Renewable stock

For a greater focus on renewable power that has decades to grow as the world transitions to cleaner energy, investors can consider a position in **Brookfield Renewable Partners** (TSX:BEP.UN). If you're investing in a non-registered account, you should consider **Brookfield Renewable Corporation** shares instead.

The current dip makes the utility stock a buying opportunity.

Brookfield Renewable has significant global scale across multiple technologies (hydro, solar, wind, distributed generation, storage etc.) and is growing fast. Year to date, it reported funds from operations per unit growth of 8.0%, which should allow it to continue increasing its cash distribution next quarter. Its current yield is 4.3%. Assuming a conservative cash-distribution hike of 5.0%, its forward yield would be 4.5%.

RBC stock

Royal Bank of Canada (TSX:RY) has been a super resilient dividend stock that's down only 5% year to date, despite the fact that a bunch of economists believe Canada will enter a recession by next year. The fact that its long-term normal valuation is higher than its Canadian bank stock peers also suggest that the diversified bank is generally accepted as having top-notch quality in the space.

Here's a glimpse of the leading bank's recent results. It grew its diluted earnings per share by about 10% per year and achieved returns on equity of about 16.8% over the past five years while maintaining a healthy payout ratio of roughly 46%. Today, it yields just over 4%.

The Foolish investor takeaway

Fortis, Brookfield Renewable, and RBC are quality dividend stocks that can deliver long-term total returns of about 10% per year. The returns will come from a yield of +4% and stable growth. They're ideal for conservative investors with a long-term investment horizon.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
2. TSX:FTS (Fortis Inc.)
3. TSX:RY (Royal Bank of Canada)

PARTNER-FEEDS

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