



3 High-Yielding Dividend Stocks That Let You Sleep at Night

Description

Generally, [Canadian stocks](#) with an overtly high dividend yield are ones you should avoid. An elevated dividend yield over 8% is usually a big, red flag. The market is pushing the stock down and the yield up, mainly because it does not believe the dividend is [safe](#) or sustainable.

I would exercise caution on some high-yielding stocks right now, including **Corus Entertainment**, **Algonquin Power**, and **Chartwell Retirement Residences REIT**. These are not stocks I would consider for a sleep-well-at-night portfolio, at least not at the present.

If you are looking for stocks that pay sustainable dividends that could let you rest easy at night, here are three to consider owning right now.

A high-yielding real estate stock

Dream Industrial Real Estate Investment Trust ([TSX:DIR.UN](#)) earns investors a 5.77% dividend yield at today's price of \$12 per share. Even though Dream Industrial's stock is down 29% this year, it has delivered solid results in 2022.

For the first nine months of 2022, funds from operation (FFO) per unit (its core metric of cash flow) has grown 10% to \$0.66. The real estate investment trust (REIT) has been enjoying high 99% occupancy. Rental rates have been soaring, especially in top cities (like Toronto and Montreal) where Dream has a large presence.

Dream just entered a joint-venture agreement to acquire **Summit Industrial REIT**, a premium industrial REIT in Canada. Along with a strong development pipeline, this should provide a nice boost to cash flows in 2023.

Dream has a good balance sheet. Its distribution payout ratio sits at 79%, which means its monthly distributions are well covered. For an undervalued REIT with a relatively safe distribution, Dream is a good bet today.

A blue-chip stock for big dividends

BCE ([TSX:BCE](#)) is not an overly exciting [blue-chip stock](#), but if it is income you are looking for it is a relatively safe bet. BCE stock earns a 5.8% dividend yield at the current price of \$45.90 per share.

It is Canada's largest telecommunications business. Cellular and internet service is a very resilient, sticky business. This helps BCE earn steady earnings over longer periods. Last quarter, revenues rose 3.2% to \$6 billion, and adjusted net earnings per share rose 7.3% to \$0.88.

With a net debt leverage ratio of 3.2 times, BCE does have a lot of debt. However, 85% of that debt is fixed, and it has a weighted average term to maturity of 14 years. Overall, BCE has a pretty safe, steady-as-it-goes business model that should help preserve its dividend for many years ahead.

An energy infrastructure stock with a high dividend

Pembina Pipeline ([TSX:PPL](#)) is another stock to consider for reliable dividend income. At \$46 per share, it pays a 5.5% dividend yield. Pembina operates a portfolio of [energy](#) infrastructure assets that service the Western Canadian energy sector. It provides crucial transportation and processing solutions to energy producers.

This company is resilient. Its dividend largely being covered by contracted earnings. Even when oil prices collapsed in 2020, Pembina continued to maintain its dividend to shareholders. Right now, it has a dividend-payout ratio of 54%.

The company has benefited from strong energy prices this year. It could see another solid year, as it works to maximize the utilization of its assets. Pembina has a [solid balance sheet](#) and the potential to grow with some future large-scale projects in carbon sequestration and liquified natural gas (LNG) exports.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:BCE (BCE Inc.)
2. TSX:DIR.UN (Dream Industrial REIT)
3. TSX:PPL (Pembina Pipeline Corporation)

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. kduncombe
2. robbybrown

Category

1. Dividend Stocks
2. Investing

Date

2025/08/24

Date Created

2022/12/17

Author

robbybrown

default watermark

default watermark