



## 3 Top Dividend Stock Picks for January 2023 With Yields of at Least 5.5%

### Description

Central banks worldwide are focusing on monetary-tightening initiatives to stem rising inflation. The Centre for Economics and Business Research expects these initiatives to increase borrowing costs, thus causing contraction in some economies. So, given the [uncertain economic outlook](#), it is wise for investors to strengthen their portfolios with quality dividend stocks.

Along with delivering steady passive income, the following three Canadian [dividend stocks](#) also stabilize your portfolio. Due to their regular and stable payouts, these companies are less susceptible to market volatility.

### Enbridge

**Enbridge** ([TSX:ENB](#)) is a midstream energy company that transports oil and natural gas across North America through a pipeline network. Meanwhile, the company generates around 98% of its cash flows from cost-of-service or long-term contracts, thus delivering stable and predictable financials, irrespective of the economic outlook. With approximately 80% of its adjusted EBITDA (earnings before interest, tax, depreciation, and amortization) indexed to inflation, the company is well protected against rising prices.

Supported by these stable and predictable cash flows, Enbridge has raised its dividend uninterrupted for the last 28 years. With a quarterly dividend of \$0.8875/share, its forward yield stands at 6.4%. Meanwhile, LNG (liquefied natural gas) exports from North America to Europe will remain elevated this year amid the ongoing geopolitical tensions, thus driving Enbridge's asset utilization and financials. With the addition of \$8 billion of secured capital in 2022, the company's backlog of secured capital has increased to \$17 billion.

Considering its healthy growth prospects and stable cash flows, I believe Enbridge's payout is safe, thus making it an excellent buy for income-seeking investors.

## Pizza Pizza Royalty

Despite the challenging market conditions, **Pizza Pizza Royalty** ([TSX:PZA](#)) has delivered solid performances in 2022. In the first three quarters of last year, the company's same-store sales and royalty pool sales grew by 16% and 16.6%, respectively. Reopening non-traditional restaurants amid the easing of pandemic-induced restrictions, innovative product launches, creative marketing campaigns, and strategic partnerships drove the company's sales.

Supported by solid quarterly performances, the company raised its dividends three times last year. It currently pays a monthly dividend of \$0.07/share, with its yield for the next 12 months at 5.97%.

Meanwhile, the uptrend in Pizza Pizza Royalty's performance could continue, as the construction of new restaurants is progressing well amid the lifting of restrictions. Its franchisee pipeline remains strong while continuing with the restaurant renovation program. Also, its investments in digital and delivery channels could continue to support its sales in the coming quarters. So, I believe Pizza Pizza Royalty is well equipped to continue paying dividends at a healthier rate.

## BCE

Third on my list is **BCE** ([TSX:BCE](#)), which has been paying dividends for the last 40 years. Supported by their recurring revenue streams, telecommunication companies enjoy stable and predictable cash flows, thus allowing these companies to pay dividends at healthy rates. Meanwhile, BCE has raised its dividend by over 5% yearly for the last 14 years. It currently pays a quarterly dividend of \$0.92/share, with its forward yield at 6.02%.

The demand for telecommunication services is rising in this digitally connected world, thus expanding the addressable market for BCE. Amid the rising demand, BCE is investing aggressively to strengthen its 5G and broadband infrastructure. The company has expanded its +5G services to cover 40% of the country's population. It is also expanding its high-speed pure-fibre internet services across Canada. So, given its growth initiatives and favourable environment, I expect BCE to continue growing its financials in the coming years, thus allowing it to maintain its dividend growth.

## CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

1. TSX:BCE (BCE Inc.)
2. TSX:ENB (Enbridge Inc.)
3. TSX:PZA (Pizza Pizza Royalty Corp.)

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