



5 Dividend Stocks to Buy With Yields Upwards of 5%

Description

It's understandable why Canadians love to buy dividend stocks. Dividend stocks allow investors to receive passive income each quarter and, in some cases, each month. At the same time, though, it allows you to participate in the appreciation of the stock.

Plus, when stocks pay back some of their earnings to investors through a dividend, it helps to reduce risk. And in this environment, when markets struggle to gain value and even potentially lose value, the dividend payments might be some of the only returns you see for a brief period.

If you're looking for dividend stocks to buy that offer an attractive yield and boost your passive income, here are five top dividend stocks that each offer a yield upwards of 5%.

Two top energy stocks to buy paying impressive dividends

Many energy stocks pay dividends, but it's essential to find companies with lower risk and strong free cash flow to minimize the risk that the dividend will be cut in a commodity down cycle.

And while nothing is ever guaranteed, two of the best dividend stocks in the energy sector are **Freehold Royalties** ([TSX:FRU](#)) and **Enbridge** ([TSX:ENB](#)).

Freehold is an interesting stock, because it earns a royalty for all the oil and gas produced on its land. Therefore, Freehold earns tremendous free cash flow, since it doesn't need to spend any cash on [capital expenditures](#).

For example, Freehold offers a yield of roughly 7% right now and is expected to have a payout ratio of just over 50% in 2023. That not only shows that the dividend is reasonably safe, but it also shows that Freehold is generating enough cash to invest in acquiring more land to expand its portfolio.

Enbridge is another of the best dividend stocks to buy, because it's an energy infrastructure stock with a diversified portfolio of essential services.

Another attractive feature of Enbridge's business is that many of its assets are long-life assets that don't require much maintenance and allow it to earn tonnes of cash flow.

Therefore, because it earns so much cash and has such important operations, it's one of the best dividend stocks you can buy.

Not only does it offer a yield of roughly 6.8% today, but it's also increased its dividend every year for more than a quarter century, showing what an impressive passive-income generator it can be.

A high-quality utility stock

[Utility stocks](#) like **Emera** ([TSX:EMA](#)) are some of the most reliable dividend stocks you can buy since they offer essential services, are regulated by governments and earn highly predictable cash flow.

Furthermore, because the market knows that utility stocks are so reliable, they are much less volatile than the broader market, making them some of the best dividend stocks to buy to protect your capital in these uncertain market environments.

Emera currently offers a dividend yield of just over 5% and has a lengthy dividend-growth streak of 15 consecutive years.

An excellent telecommunications stock

Another high-quality dividend stock to buy if you're looking to generate income is **BCE** ([TSX:BCE](#)), the telecommunications giant.

Telecommunication services have increasingly become essential in recent years, and with the rapid improvement in technology, such as [5G](#), it's an industry with tonnes of long-term growth potential.

Furthermore, much like Enbridge, BCE owns plenty of long-life assets, which allows it to earn billions in cash flow each year.

That cash gives BCE the ability to consistently increase its dividend, with the stock currently yielding 6.25% and on a dividend-growth streak of 13 years.

A royalty stock made for dividend investors

Lastly, **Pizza Pizza Royalty** ([TSX:PZA](#)) is an intriguing stock, because it earns a royalty off all the sales of Pizza Pizza and Pizza 73 locations around the country with only minimal expenses. This allows it to pay investors almost all its cash back with a monthly dividend.

Many investors, including me, have been cautious about Pizza Pizza and its 6% yield in this economic environment due to inflation impacting consumers' ability to spend on discretionary goods, such as eating out.

However, to Pizza Pizza's credit, it continues to perform well and hasn't seen a decline in sales since

the pandemic, making it one of the top dividend stocks to add to your buy or watchlists today.

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2. Editor's Choice

TICKERS GLOBAL

1. TSX:BCE (BCE Inc.)
2. TSX:EMA (Emera Incorporated)
3. TSX:ENB (Enbridge Inc.)
4. TSX:FRU (Freehold Royalties Ltd.)
5. TSX:PZA (Pizza Pizza Royalty Corp.)

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