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Top Dividend Stocks for April 2023

PBR, ZIM, EC, UAN, and AMKBY lead peers by forward dividend yield

By [NATHAN REIFF](#) Published March 29, 2023



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This month's list of top [dividend](#) stocks consists of Latin American oil and gas companies like Petroleo Brasileiro S.A. Petrobras ([PBR](#)) and [Ecopetrol SA \(EC\)](#), as well as Israeli shipping firm ZIM Integrated Shipping Services Ltd. ([ZIM](#)).

KEY TAKEAWAYS

- Dividend stocks are stocks of companies that pay shareholders a percentage of earnings regularly.
- Dividends are usually paid quarterly but can be paid semi-annually or annually.
- Dividend yield is the ratio, expressed as a percentage, that compares the annual dividend amount to the stock price.
- Dividend yield changes as a stock price rises and falls.
- While dividend yield is valuable to know, it's important to research additional information about a company before investing in it.

Dividend-paying companies tend to be well-established, with stable earnings and a track record of distributing a portion of them to shareholders in the form of cash or additional stock. One useful measure to gauge the sustainability of a company's dividend payments is the [dividend payout ratio](#) (DPR), which measures total dividends divided by [net income](#). It tells investors how much of the company's net income is being paid to shareholders in the form of dividends compared with how much the company is retaining to invest in further growth.

If the ratio exceeds 100% or is negative (meaning net income is negative), the company may be borrowing to pay dividends. In these cases, the dividends are at a relatively greater risk of being cut. While dividend stocks are known for the regularity of their payments, they may be cut to preserve cash in difficult times.

Dividend stocks, as measured by the S&P 500 Dividend Aristocrats Index, have fallen 8% in the past year compared with the 15% decline of the Russell 1000 Index. ^[1] ^[2]

Below, we look at the top five dividend stocks on U.S. or Canadian exchanges by [forward dividend yield](#), excluding companies with payout ratios that are either negative or in excess of 100%.

These market performance numbers are as of March 28 and all statistics below are as of March 27, 2023.

[Petroleo Brasileiro SA Petrobras \(PBR\)](#)

- Forward Dividend Yield: 75.9%
- Payout Ratio: 102.9%
- Price: \$10.00
- Market Cap: \$65.2 billion
- 1-Year Total Return: 15.2%^[3]

Petroleo Brasileiro, known as Petrobras, is a Brazilian oil and natural gas company. It is one of the largest producers of oil and gas globally and one of the biggest publicly traded companies in Latin America. It explores, produces, refines, and markets oil and related products, with a special emphasis on deep and ultra-deep water exploration. ^[4] In January, Petrobras's board appointed Jean Paul Terra Prates as director and CEO. ^[5]

[ZIM Integrated Shipping Services Ltd \(ZIM\)](#)

[ZIM Integrated Shipping Services Ltd. \(ZIM\)](#)

- Forward Dividend Yield: 72.5%
- Payout Ratio: 71.5%
- Price: \$23.37
- Market Cap: \$2.8 billion
- 1-Year Total Return: -57.1%^[6]

ZIM is an Israeli seaborne transportation and logistics services company. It operates a fleet of vessels and offers multi-modal, cargo handling, tariff management, and other related services. ZIM's fourth-quarter dividend of \$6.40 per share is payable April 3 to shareholders of record as of March 24, 2023.^[7]

[Ecopetrol SA \(EC\)](#)

- Forward Dividend Yield: 32.4%
- Payout Ratio: 42.0%
- Price: \$10.22
- Market Cap: \$21.0 billion
- 1-Year Total Return: -34.1%^[8]

Ecopetrol is a state-owned hydrocarbon exploration and production company and the largest oil and gas firm in Colombia. The Republic of Colombia owns over 88% of outstanding shares of **Ecopetrol**.^[9] The company announced in late March that its board appointed Alberto Consuegra Granger as interim CEO, effective April 1, 2023. Granger succeeds Felipe Bayón Pardo and will remain in the role until a permanent successor is named.^[10]

[CVR Partners LP \(UAN\)](#)


- Forward Dividend Yield: 27.9%
- Payout Ratio: 71.4%
- Price: \$88.00
- Market Cap: \$0.9 billion
- 1-Year Total Return: -19.1%^[11]

CVR Partners is a subsidiary of CVR Energy Inc. ([CVI](#)) that manufactures nitrogen fertilizers and related products. The company's fourth-quarter 2022 dividend of \$10.50 per common unit was paid on March 13.^[12]

[A.P. Moller-Maersk A/S \(AMKBY\)](#)

- Forward Dividend Yield: 26.2%
- Payout Ratio: 37.5%
- Price: \$11.82
- Market Cap: \$41.3 billion
- 1-Year Total Return: -31.2%^[13]

A.P. Moller-Maersk A/S is a Denmark-based conglomerate engaged primarily in shipping and trade logistics. Its subsidiary Maersk is the [world's largest shipping company](#) with revenue of almost \$82 billion in 2022.^[14] The company's policy is to distribute 30-50% of net earnings to shareholders in the form of an annual dividend, with additional earnings going toward share buybacks and [capital expenditures](#).^[15]

 **Important:** High dividend yields don't always mean a company is in good financial health. Be sure to look at the financial health and growth potential of companies in addition to dividend yield before investing.

3 Ratios Used to Analyze Dividend Stocks

Dividend Yield: This ratio measures the annual value of dividends received relative to a security's per share market value. Investors calculate the [dividend yield](#) by dividing the annual dividend per share by the current stock price.

For example, if company XYZ issues a dividend of \$10 annually with a current share price of \$100, it has a dividend yield of 10% ($\$10 / \$100 = 10\%$). Those seeking high-yielding stocks can start their search by screening for issues with a dividend yield above a certain percentage. Bear in mind that there are many other factors besides dividend yield that investors should consider before investing in a stock.

Dividend Payout Ratio: The DPR measures how much of a company's earnings are paid out to shareholders. Investors calculate the ratio by dividing total dividends by net income.

For instance, if company XYZ reported a net income of \$50,000 and paid \$15,000 in annual dividends, it would have a DPR of 30% ($\$15,000 / \$50,000 = 30\%$). This means the company pays out 30% of its earnings to shareholders. Generally, a company that pays out less than 50% of its net earnings in dividends is considered stable and has the potential for sustainable long-term earnings growth.

Dividend Coverage Ratio: This ratio measures the number of times a company can pay dividends to its shareholders. Investors calculate the dividend coverage ratio by dividing a company's annual [earnings per share](#) (EPS) by its annual dividend per share.

For example, if company XYZ reported \$10 million in net income with an annual dividend of \$2 million to shareholders, it has a dividend coverage ratio of 5 times ($\$10 \text{ million} / \2 million). Typically, investors

view a higher dividend coverage ratio as more favorable.

Advantages of Dividend Stocks

Two key advantages of investing in dividend stocks include generating a [passive income](#) and dividend reinvestment.

Passive Income: Companies that pay dividends typically issue them quarterly, creating a reliable stream of passive income that investors can spend how they please. Dividends also have the added advantage of offsetting share price depreciation.

Dividend Reinvestment: Investors can reinvest dividends they receive back into the company to acquire more shares. This is called a [dividend reinvestment plan](#) (DRIP). Participating in a DRIP allows the investor to take advantage of [compounding returns](#)—a strategy to build long-term wealth.

Do Your Dividend Stock Research

A high yield is just one of several aspects to consider when investing in dividend stocks. A higher-than-average yield can signal trouble if a struggling company is paying large dividend amounts in an effort to attract investors.

In addition to dividend yield, be sure to take a good look at the following data as well.

- **Payout ratio:** A payout ratio of 35% to 55% is considered healthy because a company that distributes up to half of its earnings as dividends is likely to be a good performer and an industry leader. Importantly, it's reinvesting a good share of its earnings back into itself for growth.^[16]
- **Dividend increases:** A solid history of increasing dividends is welcome news because it indicates that a company has had the financial wherewithal and desire through good economic times and bad to keep paying its shareholders, and to raise the amount it pays.
- **Dependable revenue and earnings growth:** Over time, the more stable, the better. An occasional erratic result might not raise eyebrows but anything else may signal a company in trouble.
- **Solid market share and competitive advantages:** These can help companies maintain their ability to be excellent performers. Such advantages might be intellectual property, advanced technology, high barriers to entry, and a highly recognizable and respected brand name.

What Is the Dividend Yield?

It's a percentage that represents the income (via dividends) that a company pays stock investors compared to the price of the stock. Dividend yield is just one metric that may help investors to decide whether or not a company's stock can make a good addition to their portfolios.

How Does the Payout Ratio Relate to Dividend Yield?

While dividend yield compares dividend income to stock price, the payout ratio compares dividend income to company earnings. In other words, it shows investors how much a company pays them versus how much it keeps for itself. It can provide an idea of the income investors may expect to receive in the future. A payout ratio that is too high—where the company pays investors much more than it reinvests in itself—can mean there's not much room for dividend growth. It may signal a company is in trouble.

What Companies Have Paid Dividends the Longest?

Famously, the following companies are among those that have paid shareholders dividends for over 100 years: Coca-Cola, General Mills, Chubb, Colgate-Palmolive, Proctor & Gamble, Consolidated Edison, Eli Lilly, and ExxonMobil.

The Bottom Line

Dividend yield compares the income a company pays shareholders to the price of that stock. It's calculated by dividing the annual dividend amount (the amount of income paid throughout a year) by the stock's price. While a high dividend yield may be appealing, it doesn't necessarily mean a stock is a smart investment.

Dividend yield is one tool to use to screen for dividend stocks that are potentially worth owning. Overly high dividend yields may indicate that a company is struggling. Likewise, companies with extremely high payout ratios can also signal danger to investors.

Before investing your money, invest some time in looking for companies that are financially healthy enough to sustain and potentially grow their dividends, and continue to offer an attractive dividend yield.

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Related Terms

Dividend Payout Ratio Definition, Formula, and Calculation

The dividend payout ratio is the measure of dividends paid out to shareholders relative to the company's net income. [more](#)

Dividend Yield: Meaning, Formula, Example, and Pros and Cons

The dividend yield is a financial ratio that shows how much a company pays out in dividends each year relative to its stock price. [more](#)

Return on Equity (ROE) Calculation and What It Means

Return on equity (ROE) is a measure of financial performance calculated by dividing net income by shareholders' equity. [more](#)

Share Repurchases: Why Do Companies Do Share Buybacks?

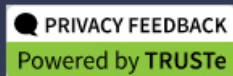
A share repurchase is when a company buys back its own shares from the marketplace, which increases the demand for the shares and the price. [more](#)

Dividend Rate Definition, Formula & Explanation

The dividend is the percentage of a security's price paid out as dividend income to investors. [more](#)

Preferred Dividend Coverage Ratio

The preferred dividend coverage ratio is an indicator of a company's ability to pay a key financial obligation to its shareholders. [more](#)



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