3 High-Yield Income Stocks to Consider Right Now

Description

Retirees and other income investors are constantly searching for top-quality companies that pay growing dividends with above-average yields.

The pullback in a number of sectors over the past year has resulted in some of Canada's top names being sold off to the point where they are becoming reasonably priced.

Let's take a look at three high-yield stocks that might be interesting picks right now.

Inter Pipeline (TSX:IPL)

IPL owns oil sands and conventional oil pipelines as well as natural gas liquids (NGL) processing facilities and a storage business in Europe.

Demand for space on its pipelines remains robust and an improvement in the market is driving strong returns in the gas-processing division. IPL picked up two NGL extraction facilities and related infrastructure at a huge discount during the downturn and the investment appears to have been a wise one.

In addition, the company is building a $3.5 billion polypropylene plant. The Heartland Petrochemical Complex is scheduled for completion in 2021 and should generate at least $450 million in annual EBITDA once it goes into operation.

IPL pays a monthly dividend of $0.14 per share for a yield of 7.7%.

Power Financial (TSX:PWF)

Power Financial is a Canadian holding company with interests in a number of the country's insurance and wealth management businesses, including **IGM Financial** and **Great-West Lifeco**.

Rising interest rates should bode well for these businesses as the return the companies get on the funds invested in fixed-income products should increase. The stock is down amid the broad-based exit out of dividend stocks in the past few months, but the pullback looks overdone.

Power Financial's dividend now yields 6%.

Enbridge (TSX:ENB)(NYSE:ENB)

Enbridge traded for more than $65 per share in the spring of 2015. Today investors can pick it up for $42 per share.

A number of factors caused the decline, including concerns about the balance sheet after the $37 billion purchase of Spectra Energy, and ongoing grumbling about the company's complicated structure regarding its drop-down subsidiaries. Add in a spate of rising interest rates and opposition to major pipeline projects, and you can see why investors became uncomfortable.

Enbridge acknowledged the challenges last year and launched an aggressive turnaround program. The company has already signed deals to monetize $7.5 billion in non-core assets. The sales move the company closer to its goal of focusing primarily on regulated businesses, and the funds are earmarked for debt reduction.

In addition, Enbridge has reached agreements to buy out the shares its doesn't already own in a number of its subsidiaries. This will go a long way to streamlining the corporate structure.

Enbridge has a significant capital program in place and opportunities for additional growth across the asset base should turn up in the coming years. As new projects are completed, cash flow should improve enough to support ongoing dividend growth.

Enbridge's current payout provides a yield of 6.3%.

The bottom line

Enbridge, IPL, and Power Financial all pay above-average and growing dividends that should be safe. If you have a contrarian investing style, this might be a good opportunity to lock in some high yield and potentially benefit from upside gains once market sentiment changes course.

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