



## A Top Dividend Stock to Buy Now and Earn a Yield up to 8%

### Description

For investors aiming to earn higher dividend yields, there aren't many opportunities available in the market. When you go and explore a [high-yielding space](#), you often come across risky stocks that have deep troubles affecting their ability to pay cash dividends.

For these reasons, I don't recommend my readers to go after a high-yielding stock without deeply looking into the business and the reasons that have led to jump in the yield. Let's take the example of **Ford**, an iconic American brand, which is yielding close to 7%, with its stock price trading below \$10 a share. What's hurting its stock is a slowing demand for gas-guzzling cars, the rise of a shared economy, and other structural issues.

Should you buy Ford stock at this stage of its business cycle? I'm not sure about it. It can both produce hefty income, but it could also hurt your portfolio if the car maker fails to restructure its business soon.

Today, I want to give you an example of a very solid Canadian dividend stock, which is offering yield close to 8%, and it might prove a good bet for you over the long run.

### Inter Pipeline

Calgary-based **Inter Pipeline** (TSX:IPL) runs a diversified business in the energy infrastructure space. It operates a large pipeline network and 16 strategically located petroleum and petrochemical storage terminals in Europe. Its NGL business is one of the largest in Canada.

With its diversified operations, IPL is also expanding fast. In Canada, IPL is in the middle of building a \$3.5 billion petrochemical complex near Edmonton to convert propane into polypropylene plastic.

With this strong portfolio, IPL pays \$0.1425 a share monthly dividend, which translates into 7.9% yield on the current stock price of \$22.18. The company has shown volatility in its earnings, while its balance sheet is loaded with debt. Despite these shortcomings, I think the company has a right mix of assets, a robust growth plan, and a diversified revenue stream.

The Heartland Petrochemical Complex, for example, will start converting locally sourced propane into polypropylene plastic used in packaging, textiles, and other products by 2021, opening a new avenue

for the cash generation.

This summer, the Hong Kong-based **CK Infrastructure Holdings**, a company backed by one of Asia's wealthiest families, offered \$12.4 billion for IPL. The deal couldn't go through for reasons that include perceived political risks, according to media reports.

CK Infrastructure, a public company controlled by billionaire Li Ka-shing, pitched a friendly cash offer of \$30 a share at Inter Pipeline in July, a 30% premium to where the company's stock was trading at the time.

In response to a request from regulators, the Canadian utility put out a press release in September: "Inter Pipeline confirms that it received an unsolicited, non-binding, conditional and indicative proposal to purchase the company but it is not in negotiations with any third party."

With these factors in mind, I believe this is the right time [to buy IPL stock](#) and lock in a higher dividend yield.

## Bottom line

IPL is a top dividend stock to buy in today's low-rate environment and earn considerably higher interest rates. I find IPL an attractive takeover target after its growth projects completed; at that time, it will be able to fetch a much higher price than \$30 a share that the Hong Kong-based company offered this summer.

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