



3 High-Yield Dividend Stocks Set to Soar in 2020

Description

If you want to fill your portfolio with high-yield dividend stocks that also have upside, the TSX abounds with great picks for you to consider.

Despite North American markets hitting all-time highs, the TSX is still fairly cheap compared to other benchmarks. As a result, its average dividend yield is fairly high.

There's also no shortage of TSX stocks that could deliver considerable capital gains. Even though the TSX has underperformed compared to U.S. markets in recent years, there have been plenty of individual stocks that have done well. Several tech IPOs have made investors wealthy, and even big players like **Air Canada** have become 10-baggers.

In fact, there have been many Canadian stocks that have delivered *both* high dividends and superior capital gains at the same time. The following are three that have the potential to do so in 2020.

Enbridge

Enbridge is Canada's largest pipeline company, with a massive crude and LNG network spanning North America.

Over the past five years, its [stock price has been treading water](#), but its dividend yield has only grown, making it a solid "pure income" play in that time frame.

However, there's a real chance that this stock's price could come back to life.

Over the past four years, Enbridge has grown its net income from \$250 million to \$2.8 billion, and the market has largely ignored it. It likely won't ignore these big increases in earnings forever, especially if the company's Line III and Line V tunnel projects go ahead.

Algonquin Power & Utilities

Algonquin Power & Utilities is a Canadian utility stock with both a high yield and a historical track record of outperformance.

The stock has a yield of 3.93% at the moment, which is lower than it has been in the past but still above average.

This stock's status as a Dividend Aristocrat hasn't prevented it from delivering superior capital gains. Over the past five years, it has risen 102%, easily beating both the TSX and the TSX utilities sub-index. One thing about this stock to keep in mind is that it missed on earnings in two out of the past four quarters. However, in the long run, it's still a very fast-growing company with solid dividend potential.

Telus

Telus is a Canadian telecom giant that has been growing at a steady clip in recent quarters.

The company offers cell, IPTV, and internet service to customers across the country.

In its most recent quarter, the company added 242,000 new internet subscribers and 193,000 new cell service subscribers. It was top among Canadian telecoms for new internet subscribers in the quarter, which also saw adjusted EBITDA increase by 8.3%.

Perhaps the most impressive thing about Telus is its [dividend yield](#). At 4.6%, it's the second highest among the stocks on this list (Enbridge takes the gold with 5.7%). Telus also has a solid dividend-growth rate, increasing its payout by about 9% a year on average. If the company keeps adding new subscribers at the rate it has been, investors may expect that dividend growth to continue.

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