



## 3 Stocks Yielding up to 7.25% to Buy in 2020

### Description

I don't advocate chasing yield. It is a perilous strategy that has fooled many investors. There are times, however, when a high yield can make for an attractive investment option.

A good starting point is to verify if the company is a Canadian Dividend Aristocrat. Aristocrats are companies that have raised dividends for, at minimum, five consecutive years. A growing dividend is a vote of confidence by management and a sign that the business is healthy.

Most importantly, you will want to make sure the dividend is safe. This can be done by verifying if the company's dividend is covered by cash flow or earnings. The dividend is a cash outlay, and as such, is best compared to cash flows.

However, there are certain industries, such as banking, in which it makes more sense to compare the dividend against earnings. Why? Given the nature of the business, banks usually post negative cash flows.

With that in mind, here are three high-yielding stocks you should consider adding to your portfolio.

### Enbridge

Canada's largest energy company, **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) is poised for [a strong 2020](#). At 24 years and counting, this energy giant owns the 10th-largest dividend-growth streak in Canada. Management is one of the most reliable, and despite skeptics, it delivered on its promise of 10% dividend growth through 2020.

The company has a targeted dividend-payout ratio of 65% of distributable cash flow (DCF). As of last quarter, the dividend accounted for 62% of DCF. Given this, investors can expect the dividend to grow in line with DCF, which is expected to grow at a 6% annual average at the mid-range of guidance.

With the Line 3 expansion project receiving some good news, and a robust pipeline of growth projects, Enbridge is well positioned to build off a strong 2019. As of writing, Enbridge offers investors a very

attractive 6.21% yield, near the top of its historical average.

## Brookfield Property Partners

**Brookfield Property Partners** ([TSX:BPY.UN](#))(NASDAQ:BPY) belongs to the Brookfield suite of companies — one of the best names in the industry. This real estate company owns a seven-year dividend-growth streak and has hefty 7.25% starting yield.

Since the company's growth streak began, it has grown dividends by approximately 5% annually. Combined with the impressive yield, investors are generating plenty of income from Brookfield Property Partners. The company's goal is to [generate a long-term](#) return on equity in the 12-15% range and to grow the distribution between 5% and 8% on an annual basis.

It is important to note that Brookfield Property Partners does not declare a dividend, but a distribution. The reason? The distribution contains both eligible and non-eligible dividends, among other types of income. Although it doesn't mean much in a registered account such as TFSA or RRSP, it does have tax consequences in a non-registered account.

## Canadian Imperial Bank of Commerce

In 2019, **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)) was the worst-performing Big Six bank. Unfortunately for shareholders, it marks the second consecutive year in which the bank trailed its peers. The good news is that CIBC is now the cheapest Big Six bank.

At only 8.58 times forward earnings, CIBC is trading at a steep 20% discount to its historical average. This is approximately double the average discount of the big banks. An investment in CIBC would certainly be a contrarian play, but one that has worked remarkably well. Over the past 20 years, the worst-performing bank of the year outperformed 70% of the time.

As shareholders wait for the share price to rebound, they are rewarded with the highest yield among its peers at 5.32%. The company's dividend is well covered and accounts for only 47% of next year's earnings. CIBC owns a nine-year dividend-growth streak averaging 5% annual dividend growth over this time.

Simply put, Canadian Imperial Bank of Commerce is Canada's best bank for income seekers.

### CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing

### POST TAG

1. Editor's Choice

### TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:BPY.UN (Brookfield Property Partners)
4. TSX:CM (Canadian Imperial Bank of Commerce)
5. TSX:ENB (Enbridge Inc.)

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