Got $3,000 to Invest? Buy These High-Yield Dividend Stocks Right Now

Description

The stock market is giving no clear indication of its direction. While investors' enthusiasm and reopening of the economy indicate that it could sustain the uptrend, uncertain economic outlook, high unemployment rate, and rising COVID-19 cases imply that a stock market crash is near.

To avoid the confusion and generate steady returns, I would invest in TSX stocks that have a long history of paying dividends and that offer a high yield. The payouts of these companies are sustainable, despite their high yields. Let's take a look at each of these TSX stocks more closely.

High and safe yields

There are lots of reasons why I like **Enbridge** (TSX:ENB)(NYSE:ENB), and its high dividend yield is one among them. Despite reduced throughput volumes, Enbridge continues to generate strong cash flows that should support its future payouts.

The company owns pipeline and utility assets and generates cash flows from 40 diverse sources. Moreover, almost all of its adjusted EBITDA comes from low-risk businesses that have long-term take-or-pay arrangements or cost-of-service contracts.

Enbridge has a long history of rewarding its shareholders through higher dividends. It has increased its dividends for 25 years in a row. Moreover, its dividends have grown at a CAGR (compound annual growth rate) of 11% during the same period. Enbridge offers an attractive and high-yield of 7.8%, which is safe.

With the increase in economic activities and improved demand for energy, investors could expect its dividends to increase and stock to rise in the future.

Buy shares of Canada's largest lender

While low interest rates play spoilsport, **Royal Bank of Canada's** (TSX:RY)(NYSE:RY) ability to drive loans and deposits and improving efficiency ratio indicate that its payouts are safe. Further, its low exposure to vulnerable sectors reduces the default risk.

Its loans and deposits have increased by 10% and 17%, respectively in the most recent quarter. The adjusted efficiency ratio improved by 60 basis points to 52.1%.

Its dividends have grown at a CAGR of 7% between 2009 and 2019. Earlier this year, it raised its dividends by 3%. Royal Bank of Canada’s payout ratio of 40-50% is low and sustainable in the long term.

The bank remains well capitalized and should benefit from the economic recovery. Its diversified loan portfolio, continued growth in loans and deposits, lower non-interest expenses, and a high yield of 4.5% makes it an attractive investment option.

Squeeze high yields from another pipeline stock

Pembina Pipeline (TSX:PPL)(NYSE:PBA) is another top stock when it comes to dividend payments. Lower liquid volumes amid a decline in demand and price of oil dragged its stock down. However, its high yield of 7.4% is safe and could continue to grow in the future.

Pembina’s payouts are pretty safe, thanks to the company’s ability to generate strong fee-based distributable cash flows. Moreover, its payouts are not reliant on businesses with direct commodity exposure.

Pembina’s resilient cash flows, low-risk business, and high yield should continue to supplement your monthly income.

Bottom line

These TSX stocks have solid records of consistently paying higher dividends, thanks to their resilient businesses and ability to generate strong cash flows. Investing $3,000 into these TSX stocks could fetch steady income along with decent capital appreciation in the long term.

CATEGORY

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

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2. NYSE:PBA (Pembina Pipeline Corporation)
3. NYSE:RY (Royal Bank of Canada)
4. TSX:ENB (Enbridge Inc.)
5. TSX:PPL (Pembina Pipeline Corporation)
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