3 High-Yield Dividend Stocks to Buy on Sale

Description

The Canadian stock market has recovered most of its lost ground, yet there are a few TSX stocks that continue to offer high yields and are on sale. Here are three high-yield TSX stocks that are trading low, allowing benefiting from dividend income that would grow with you and increase in value over time.

Enbridge

Shares of **Enbridge** (TSX:ENB)(NYSE:ENB) are trading about 27% lower than the 52-week high of $57.32. Moreover, the stock is down about 18.7% year to date. The energy transportation sector is a little out of favour due to the lower oil prices. However, Enbridge stock is not.

It offers a high yield of 7.7%, which is safe. Besides, its dividend could continue to grow in the future. Moreover, its diversified assets and favourable long-term outlook for energy augur well for Enbridge.

The company has consistently increased its dividends for 25 years in a row. Moreover, dividends have grown at a compound annual growth rate of 11% over the past several quarters. Despite lower throughput volumes in the short term, Enbridge remains well positioned to generate a strong adjusted EBITDA and has reaffirmed its distributable cash flow guidance for 2020.

Enbridge's low-risk business, contracted cash flows, and sequential improvement in mainline volumes should drive its stock higher and support its payouts.

Toronto-Dominion Bank

With a yield of 5.2%, **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) is another top TSX stock to bet on for both growth and income. Its stock is down about 22% from its 52-week high of $77.92, as low-interest rates and high provisions remain a drag.

However, investors should note that Toronto-Dominion Bank's retail and commercial deposits base and ability to drive loans should continue to drive pre-provision, pre-tax earnings. Besides, the bank's low exposure to the vulnerable sectors is encouraging.

The bank's dividends have grown at an annualized rate of 10% over the past 20 years. Though the pandemic has led to the bank to halt its dividend increases for the short term, its ability to drive earnings and improved efficiency ratio should support its payouts.

Pembina Pipeline

Shares of **Pembina Pipeline** (TSX:PPL)(NYSE:PBA) are down about 31% this year. The considerable decline in its stock makes it cheap. It has driven its yield higher to 7.5%. Pembina's high yield is very safe, thanks to its strong fee-based cash flows.

In the last five years, Pembina paid $4.5 billion in dividends. Its dividends have increased by an annualized rate of 6.5% during the same period. Pembina's diversified assets enable it to generate strong cash flows that do not have direct exposure to commodity prices and easily cover its future payouts.

The pipeline company generates the majority of its EBITDA from businesses that are backed by the cost-of-services arrangement or take-or-pay contracts. These contracts largely eliminate price and volume risks. Moreover, its years of investments and recent acquisitions have led Pembina to develop a highly contracted business that generates resilient cash flows.

Pembina's low stock price and high yield provide an excellent entry point for long-term investors to gain from steady dividend income and capital appreciation.

CATEGORY

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

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:ENB (Enbridge Inc.)
5. TSX:PPL (Pembina Pipeline Corporation)
6. TSX:TD (The Toronto-Dominion Bank)

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