



Got \$3,000? Invest in These 3 Cheap Dividend Stocks

Description

The tech stocks led the strong bounceback from the March lows. However, this month has been highly volatile, as concerns over the economic implications of the pandemic and geopolitical tensions beginning to weigh on the stocks. Also, many industry experts are projecting the market to broaden going forward with value stocks to take the lead.

So, amid an uncertain outlook, you should consider investing in high-yielding dividend stocks for consistent income. Meanwhile, here are the three high yielding dividend stocks that are available at attractive valuations.

Enbridge

My first pick is **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)), a midstream energy company, which has lost over 20% of its stock value this year. The decline in its mainline throughput amid weak oil prices has put pressure on the company's financials and its stock price.

Meanwhile, I believe these issues are short-lived, as the oil demand could rise with economic activities across the world beginning to improve after the pandemic-infused lockdown. Besides, the company generates 98% of its EBITDA from regulated operations, thus delivering stable earnings and cash flows.

The company has been distributing dividends for the past 65 years. In the last 25 years, the company has increased its dividends at a compound annual growth rate (CAGR) of 11%. On July 22, the company had announced quarterly dividends of \$0.81 per share, with an annualized payout of \$3.24 per share. So, the company's forward dividend yield stands at a juicy 7.9%.

Despite the pandemic, the [company generated \\$5.23 billion of cash](#) from its operations in the first two quarters of this fiscal. Further, the company's liquidity at the end of the second quarter stood at \$14.56 billion. Thus, given the strong liquidity position, I believe the company's dividends are safe.

Pembina Pipeline

Pembina Pipeline ([TSX:PPL](#))([NYSE:PBA](#)) is my second pick, which has lost close to 35% of its stock value this year. The decline in energy demand amid the pandemic lowered the company's revenue from its marketing & new ventures division, which brought the company's overall revenue down by close to 30% in its second quarter.

However, the company's base business is still strong and resilient. Its pipelines and facilities divisions reported growth in both revenue and volumes, driven primarily by the acquisition of Kinder Morgan Canada in December 2019.

Also, the company's adjusted EBITDA and adjusted cash flows from its operating activities increased by 3.1% and 6.5%, during the quarter, respectively. Due to its fee-based or contractual model, the company generates stable cash flows, which supports its dividend payouts.

Pembina Pipeline pays monthly dividends. For September, the company has announced monthly dividends of US\$0.1607. The decline in the company's stock price has increased its dividend yield to an attractive 7.9%. At a forward price-to-earnings multiple of 14.2, the [company provides an excellent buying opportunity](#).

TC Energy

My third pick is **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)), which has raised its dividends for the past 20 years. Meanwhile, in the last five years, the company has increased its dividends at a CAGR of 9.6%. The company generates 95% of its adjusted EBITDA from regulated assets or long-term contracts. So, the company's earnings and cash flows are mostly stable.

For the third quarter, the company's board has declared quarterly dividends of \$0.81 per share, which represents an annualized payout of \$3.24 per share. With the company losing over 13% of its stock value this year, the company's dividend yield has increased to 5.4%. Meanwhile, the company expects to raise its dividend by 10% in the next fiscal, and by 5-7% beyond 2021.

Despite the COVID-19 outbreak, the company generated \$1.61 billion of cash from its operations in the second quarter. Meanwhile, at the end of the quarter, TC Energy's liquidity stood at over \$11 billion. So, given its predictable cash flow and ample liquidity, I believe the company can continue raising its dividends in the future.

CATEGORY

1. Energy Stocks

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. NYSE:TRP (Tc Energy)
4. TSX:ENB (Enbridge Inc.)

5. TSX:PPL (Pembina Pipeline Corporation)
6. TSX:TRP (TC Energy Corporation)

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Category

1. Energy Stocks

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