Got $3,000? Buy These 3 TSX Stocks for Their Dividends

Description

The equity markets worldwide are under pressure this month due to the rising COVID-19 infections, signs of economic slowdown, and concerns over the outcome of the United States presidential elections. The **S&P/TSX Composite Index** is down over 4%.

Meanwhile, the weakness in the broader equity markets has increased the dividend yields of some of the companies. So, investors with a long-term horizon should take advantage of this pullback and buy these three high-yielding dividend stocks, which have delivered consistent performance over the years.

TransAlta Renewables

TransAlta Renewables (TSX:RNW), which owns and operates 13 hydro facilities, 19 wind farms, and one natural gas plant in Canada, pays dividends monthly, which currently stands at $0.078 per share. So, the company's yield stands at a healthy 5.9%. Also, the company has increased its dividends at a compound annual growth rate (CAGR) of 4% since 2013.

The company expects to pay 80% to 85% of the available cash for shareholders as dividends, which is on the higher side. However, the company's revenue streams are stable, as it sells the power generated from its assets through long-term PPA (power purchase agreements). Also, the weighted average remaining contractual life of its PPA stands at 11 years. So, the company's dividends are safe.

Meanwhile, the company trades close to 3% higher for this year, easily outperforming the broader equity markets. With the world moving towards renewable resources amid the concerns over the pollution, I believe TransAlta Renewables would be a good buy.

NorthWest Healthcare

My second pick would be **NorthWest Healthcare Properties REIT** (TSX:NWH.UN), which owns and manage healthcare real estate across Canada, Brazil, Germany, Australia, and New Zealand. At the end of the second quarter, the company's portfolio included 183 properties, with an occupancy rate of

97.3% and weighted average lease expiry of 14.5 years.

Given its high occupancy rate, longer weighted average lease expiry, recent acquisitions, and a resilient portfolio, the company's payouts are safe. Meanwhile, the company has stated that 80% of its revenue comes from tenants who receive public healthcare funding, which is also encouraging.

The company is also undertaking some strategic asset sales to strengthen its balance sheet, which could boost its growth prospects. NorthWest Healthcare currently pays dividends of $0.067 per share every month. So, the company's yield stands at a juicy 7.3%.

Enbridge

My third pick would by **Enbridge** (TSX:ENB)(NYSE:ENB), which has been under pressure as the volatile crude oil prices and weak demand have dragged its mainline throughput down. The company has lost over 23% of its stock value this year, which has increased its dividend yield to 8.2%. Despite the high dividend yield, its payout ratio is around 70%. So, the company has more room to increase its dividends.

Since going public in 1953, the company has been paying dividends. Meanwhile, in the last 25 years, the company's board has increased its dividends at a CAGR of 11%.

Enbridge runs a resilient contract-based business, which is mostly immune to commodity prices. So, despite the weak oil demand, the company has generated $5.23 billion of cash in the first six months of this year. Meanwhile, as of June 30, its liquidity stood at $14.56 billion. So, given its stable cash flows and strong liquidity position, I believe the company's dividends are safe.

CATEGORY

1. Energy Stocks

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)
3. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
4. TSX:RNW (TransAlta Renewables)

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