Stocks With 6-9% Yields: Where to Invest $3,000 Right Now

Description

If you are eyeing high yields amid low interest rates, consider buying dividend-paying stocks listed on the Toronto Stock Exchange. A few TSX stocks offer high yields and their payouts are safe, thanks to the robust cash flows.

So, if you've got $3,000 to invest, consider buying these high-yield TSX stocks for consistent monthly income. Moreover, long-term investors are likely to gain big from the recovery in a couple of these names.

Pembina Pipeline

With a forward dividend yield of stellar 9.1%, **Pembina Pipeline** (TSX:PPL)(NYSE:PBA) stock is a must-have in your income portfolio. Pembina's robust yield reflects its ability to consistently pay monthly dividends and a year-to-date decline of about 39% in its stock.

The weakness in oil prices has taken a toll on the financial performance of energy infrastructure companies like Pembina Pipeline. Moreover, Pembina will not announce any more dividend hikes in 2020 owing to the uncertain energy outlook.

However, investors should note that Pembina Pipeline is consistently paying its dividends, thanks to its resilient fee-based cash flows and sustainable payout ratio. Pembina's fee-based cash flows benefit from long-term contractual arrangements. Most of these contracts do not have a price or volume risk.

Over the years, Pembina Pipeline has managed to diversify its exposure to different commodities, which reduces risk. Meanwhile, it expects its payout ratio to be 60% of the fee-based distributable cash flows in 2020, which is sustainable in the long run.

Despite the challenges, Pembina Pipeline is likely to generate substantial fee-based distributable cash flows, suggesting that its high dividend yield is safe.

Enbridge

Next up are the shares of another energy infrastructure giant, **Enbridge** (TSX:ENB)(NYSE:ENB
). Like Pembina, lower crude prices and weak demand have taken a toll on its stock price and, in turn, drove its dividend yield higher.

Enbridge stock offers a dividend yield of over 8.8%, which is secure. The company's payouts benefit from the diverse sources of cash flows and long-term contracts with a cost-of-service and take-or-pay arrangements.

Enbridge has been paying a truckload of cash to its shareholders. Meanwhile, its dividends have grown at an annual rate of 14% over the last decade.

I believe, with the increase in economic activities, Enbridge's throughput volumes are likely to improve and support its cash flows. Meanwhile, the company is expected to continue to boost shareholders' returns through consistent dividend payouts.

Capital Power

Capital Power (TSX:CPX) is another top stock that should be on your radar for high dividend yield. The utility company generates strong revenues and adjusted EBITDA that support its cash flows and, in turn, its dividend payouts.

For the first half of 2020, Capital Power registered a top-line growth of about 27%. Meanwhile, its adjusted EBITDA rose by about 15%. Capital Power has raised its dividends by about 7% annually in the past several years. Meanwhile, for 2021 and 2022, it projects its annual dividends to increase by 7% and 5%, respectively.

Capital Power offers a dividend yield of over 6.8%, which is very safe owing to its rate-regulated business and predictable cash flows.

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2. NYSE:PBA (Pembina Pipeline Corporation)
3. TSX:CPX (Capital Power Corporation)
4. TSX:ENB (Enbridge Inc.)
5. TSX:PPL (Pembina Pipeline Corporation)

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