3 High-Yielding Dividend Aristocrats to Buy Right Now

Description

A portfolio for long-term investing is incomplete without a few high-yielding dividend stocks. During the downturn, dividend-paying stocks tend to outperform non-dividend-paying stocks. Further, dividends help in mitigating the losses in case of capital erosion.

Meanwhile, the pandemic has weakened the financial health of many companies, which have slashed their dividends to conserve capital amid the challenging environment. So, investors must be careful while choosing dividend stocks. The following three Dividend Aristocrats have consistently increased their dividends for the past several years, supported by their stable cash flows and healthy liquidity. So, I believe these three companies would strengthen your portfolio.

Enbridge

My first pick would be **Enbridge** (TSX:ENB)(NYSE:ENB), which has paid dividends for the past 65 years. It has consistently raised its dividends for the past 25 years at a CAGR (compounded annual growth rate) of 11%. Despite the challenging environment, the company had hiked its quarterly dividends by 9.8% in February to $0.81 per share, representing an annualized payout rate of $3.24. Its dividend yield currently stands at an attractive 7.6%.

Enbridge runs a highly regulated oil and natural gas transportation and distribution business. It generates 98% of its adjusted EBITDA from long-term take-or-pay and cost-of-service contracts, thus delivering stable and predictable earnings and cash flows. In its recently announced third-quarter results, the company generated operating cash flows of $2.3 billion and distributable cash flow of $2.1 billion. Further, it had access to a $14 billion liquidity at the end of the third quarter. So, given its stable cash flows and healthy liquidity position, Enbridge's dividends are safe.

Further, Enbridge is going ahead with its $11 billion secured growth projects, with approximately $5 billion left to spend over the next two years. Along with these investments, organic growth in each segment could generate 5-7% DCF-per-share annual growth until 2022. Further, improving oil prices could boost its financials. So, I am bullish on Enbridge.

BCE

With telecommunication service becoming an essential service, I choose **BCE** (TSX:BCE)(NYSE:BCE) as my second pick. Supported by its stable cash flows, the company has raised its dividends for the last 11 consecutive years at a CAGR of 7.3%. In February, it had increased its dividends by 5% to $0.8325 per share at an annualized payout rate of $3.33 per share. Its dividend yield looks attractive at 5.8%.

In the recently announced third quarter, BCE net added 128,168 wireless customers and 81,696 wireline broadband connections. It also generated $2.1 billion of cash from operating activities, while its free cash flows stood at $1.03 billion. BCE's financial position looks healthy with the availability of $5.2 billion liquidity at the end of the third quarter.

Further, BCE focuses on expanding its 5G network and advanced broadband internet services to deliver faster and reliable service across Canada. Meanwhile, given its healthy cash flows and strong liquidity position, I expect the company to continue raising its dividends.

Pembina Pipeline

My third pick would be an energy infrastructure company, **Pembina Pipeline** (TSX:PPL)(NYSE:PBA), which has paid over $9.1 billion in dividends since its inception. The company pays monthly dividends. It has paid monthly dividends of $0.21 per share in November at an annualized payout rate of $2.52 and has a high dividend yield of 7.5%.

Pembina Pipeline earns 95% of its adjusted EBITDA from its long-term, fee-based contracts, providing stability to its earnings and cash flows. Its financial position also looks healthy, with $2.54 billion of liquidity as of September 30. Further, the company makes strategic acquisitions to expand its business.

The rise in oil prices amid the vaccine hope could drive Pembina Pipeline's stock price in 2021. With the company trading at close to 30% lower for this year, it is an excellent opportunity for long-term investors.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:ENB (Enbridge Inc.)

3. NYSE:PBA (Pembina Pipeline Corporation)
4. TSX:BCE (BCE Inc.)
5. TSX:ENB (Enbridge Inc.)
6. TSX:PPL (Pembina Pipeline Corporation)

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