Canadian Investors: Boost Your Passive Income with These 3 High-Yielding Dividend Stocks

Description

The pandemic has taught us that having a secondary or passive income is prudent in this uncertain economic outlook. Many of the Canadians lost their jobs amid the pandemic-infused lockdown. Although the government stepped in to put money in the people's hands through CERB, people with secondary income were better positioned to tackle the crisis.

Meanwhile, investing in high-yielding dividend stocks would be the cheapest and easiest way to earn a secondary income. Further, dividend-paying stocks tend to outperform non-dividend-paying stocks during the downturn. Dividends also aid in mitigating the losses in case of capital erosion. Here are the three high-yielding dividend stocks to buy right now.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is an energy midstream company, which generates 98% of its adjusted EBITDA from long-term contractual agreements, thus delivering high-quality earnings and stable cash flows. Supported by its strong cash flows, the company has increased its dividends over the last 25 years at a compound annual growth rate (CAGR) of 11%.

Meanwhile, earlier this month, the company hiked its dividends by 3% to $3.34 for the next year, indicating a dividend yield of 8%. Enbridge's management expects its 2021 DCF per share to range from $4.70 to $5.00, representing a 4.3% growth from the mid-point of the previous year's guidance.

The company's EBITDA could come between $13.9 billion and $14.3 billion. Meanwhile, the company is continuing with its $16 billion growth projects, which would contribute $2 billion of adjusted EBITDA growth from 2023.

Further, the company's financial position looks healthy, with $14 billion of liquidity. Amid the weak oil demand, the company has lost close to 20% of its stock value this year, dragging its valuation to attractive levels.

Currently, its forward price-to-earnings multiple and enterprise value-to-EBITDA stands at 15.5 and 12, respectively. So, given its stable cash flows, healthy liquidity position, and strong growth prospects, Enbridge would be a good buy for income-seeking investors.

Pembina Pipeline

Pembina Pipeline (TSX:PPL)(NYSE:PBA) runs a highly diversified regulated business, with 95% of its adjusted EBITDA generated from the long-term fee-based contracts. It has delivered strong performance over the last 10 years, with its adjusted EPS and adjusted EBITDA per share increasing at an annualized rate of 9.3% and 13%, respectively.

Last week, Pembina Pipeline's management provided its 2021 guidance. The management expects its adjusted EBITDA to come in the range of $3.2 billion to $3.4 billion and to make $785 million of capital investments, which will be funded from the cash generated from the company's operations. With a healthy liquidity position of $2.54 billion and stable cash flows, I believe Pembina Pipeline's dividends are safe.

Meanwhile, Pembina Pipeline has paid over $9.1 billion in dividends since its inception. It currently pays monthly dividends of $0.21 per share, representing an annualized payout of $2.52 per share and a dividend yield of 8%.

Extendicare

Third on my list would be **Extendicare** (TSX:EXE), which operates 122 long-term care homes and retirement communities. It also provides home health care services under various brands. The company has lost over 21% of its stock value, as pandemic-related operating expenses hurt its margins, dragging its stock down.

Meanwhile, the seniors population is rising in Canada and could shoot up in the coming decades, driving the demand for Extendicare's services. The company has also established a caregiver training program to mitigate the increasing shortage of personal support workers.

The program could train more than 600 new hires per year. Further, the company is planning to construct a 256-bed long-term care home in Sudbury. So, the company's growth prospects look healthy.

Extendicare currently pays monthly dividends of $0.04 per share, representing an annualized payout of $0.48. Its dividend yield stands at a healthy 7.3%.

CATEGORY

1. Dividend Stocks
2. Energy Stocks

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2. NYSE:PBA (Pembina Pipeline Corporation)
3. TSX:ENB (Enbridge Inc.)
4. TSX:EXE (Extendicare Inc.)
5. TSX:PPL (Pembina Pipeline Corporation)

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