2 High-Yield Dividend Stocks To Buy for 2021

Description

When it comes to dividends, the yield is typically the first thing most investors think of — and the reasons are understandable. If you are buying a dividend stock purely for its dividend payout and you are not expecting any significant capital growth from the stock, then of course you want to lock-in as high a yield as possible because that would be your only return from this particular investment.

When you are looking for a high-yield dividend stock, make sure that you are also considering other factors like the payout ratio, the company's history of dividends, its business model, and the current situation of the sector. These are all the things that can help you make an informed choice and pick companies that are highly likely to sustain or grow their dividends. Two high-yield dividend stocks that deserve to be on your radar are:

A forest products company

Acadian Timber (TSX:ADN) is a Vancouver-based company. As one of the largest timberlands owners and operators in the region, Acadian owns and manages about 1.1 million acres of freehold timberlands in New Brunswick and Maine and provides managing services for about 1.3 million acres of Crown-licensed timberland.

China is one of the major importers of North American Timber, and recent trade complications have affected this revenue source. But the company still managed to grow its net income every quarter for the last three years. The company offers quarterly dividends and has grown its payouts three times in the last five years. It's offering a juicy yield of 7.3% at a payout ratio of 84%.

A pipeline company

Pembina Pipeline (TSX:PPL)(NYSE:PBA) is a dangerous combination. It's a dividend aristocrat and has grown its dividends for six consecutive years. The payout ratio seems quite high at 155%, but ifyou look at the company's dividend history, it has grown its dividends despite worse payout ratiosduring three out of the past six years — and it's offering an amazing yield of 7.3%.

The riskiest part about this stock is that it belongs to the energy sector, which has seen a lot of decline in the past few years. Pembina is relatively safe because its revenues are tied to the pipeline business, which is relatively secure compared to the drilling and refining business. It owns pipelines that transport both hydrocarbon liquids and natural gas. So despite the fact that it belongs to a risky sector, Pembina is a relatively safe high-yield dividend stock.

Foolish takeaway

Both stocks are currently offering a yield of 7.3%. It means that if you invest $33,000 in the two stocks (equally divided or in just one of the two stocks), you can start a monthly dividend income of about $200. Both companies are likely to grow their dividends in the future (Pembina is a Dividend Aristocrat, and Acadian has a history for growing dividends), so chances of your dividend income growing are quite bright.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:ADN (Acadian Timber Corp.)
3. TSX:PPL (Pembina Pipeline Corporation)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Dividend Stocks
2. Energy Stocks
3. Investing

Date
2025/07/26

Date Created
2021/01/09
Author
adamothman