3 High-Yield Dividend Studs to Buy in February

Description

Heading into February, dividend stocks are looking better than ever. With tech stocks rallying to questionable levels, “traditional” industries represent much better value. Today, you can still get dividend stocks with extremely high yields, especially on the **TSX**. While American markets have very little yield on offer, Canadian markets still have plenty of high yield dividend stocks. In this article I’ll look at three worth owning in February.

Enbridge

Enbridge Inc (TSX:ENB)(NYSE:ENB) is one of the highest-yielding large cap TSX stocks. With a 7.5% yield as of this writing, it pays $7,500 for every $100,000 invested. A positively delicious yield.

Enbridge took a bit of damage in 2020. It lost money in the first quarter and saw earnings decline in the second and third. However, for an energy stock, the results weren’t too bad. The first quarter net loss was mostly because of non-cash charges like impairment and unrealized derivative losses. In the third quarter, GAAP earnings actually increased–from $940 to $990. However, adjusted earnings for the quarter were down about 17%.

One risk you want to keep in mind with Enbridge is political risk. Joe Biden recently cancelled **TC Energy’s** Keystone XL pipeline, and Enbridge has infrastructure projects of its own in the works that are similar to Keystone. Nevertheless, Enbridge’s dividend is well supported by cash flows from existing projects. Purely as an income investment, it should do fine.

Canadian Imperial Bank of Commerce

The **Canadian Imperial Bank of Commerce** (TSX:CM)(NYSE:CM) is among the highest yielding Canadian bank stocks. It yields 5.27% at today’s prices, so you get $5,270 in annual cash back on every $100,000 invested. Like Enbridge, CM did take a bit of damage in 2020. Because of the COVID-19 pandemic, it had to increase its provisions for credit loss (PCL), which sent earnings lower.

Later though, it was able to reverse some of the PCL build, which caused earnings to climb sequentially. The bank also faces the risk of margin compression because of the low interest rates we're seeing today. Nevertheless, the stock has a mere 60% payout ratio, so the dividend is safe for the time being.

NorthWest Healthcare Properties REIT

NorthWest Healthcare Properties REIT (TSX:NWH.UN) is a real estate investment trust with a 6% yield at today's prices. As a healthcare REIT, its business is uniquely stable. The company invests in healthcare office space in Canada and the EU. In both Canada and Europe, healthcare is largely government funded. So NWH's revenue is ultimately sourced from government revenue–making it ultra-reliable.

In the third quarter, we saw ample proof of that. The company's net operating income (NOI) rose 3.4%, its occupancy rate was 97.2%, and its share of typical rent collected was 97.6%. These are all solid metrics, especially in the COVID-19 era.

Many REITs–such as mall REITs and hotel REITs–are still seeing their earnings damaged by pandemic-induced business closures. With healthcare REITs like NWH.UN, that's not happening. So you've got an unusually stable REIT here that has successfully weathered the pandemic. It's definitely worth looking into.

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2. NYSE:ENB (Enbridge Inc.)
3. TSX:CM (Canadian Imperial Bank of Commerce)
4. TSX:ENB (Enbridge Inc.)
5. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

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