3 Income Stocks I'd Buy Under $50

Description

Investing in dividend stocks helps you earn a stable periodic income. Further, as interest rates remain low, it's prudent to allocate a portion of your portfolio in shares that offer high but safe yields. Here' we'll focus on three top income stocks that are offering a high yield. Moreover, these stocks are trading under $50.

Enbridge

Energy infrastructure giant **Enbridge** (TSX:ENB)(NYSE:ENB) is known for its robust dividend payments. It has uninterruptedly paid dividends for over 66 years. Besides, it has consistently increased its dividends at a CAGR (compound annual growth rate) of 10% in the last 26 years.

Enbridge's strong dividend payments are supported through its highly diversified revenue sources. Moreover, contractual arrangements and continued strength in its core business position it well to generate strong distributable cash flow (DCF) and cushions its payouts. Notably, Enbridge is projecting its DCF per share to increase by 5-7% annually in the coming years, implying that its dividends could continue to grow at a mid-single-digit range over the next several years.

Recently, Enbridge hiked its dividend by 3%. Meanwhile, its CEO, Al Monaco, said, "We'll continue to ratably grow the dividend up to the level of average annual DCF per share growth, while maintaining our dividend policy payout of 60-70% of distributable cash flow."

Enbridge pays an annual dividend of $3.34 a share, reflecting a high yield of 7.6%, which is safe.

Pembina Pipeline

Like Enbridge, **Pembina Pipeline** (TSX:PPL)(NYSE:PBA) stock is yielding over 7% (7.2% to be precise), while its dividends are pretty safe. The pipeline giant has been paying dividends for the last 22 years. Further, it has raised its dividends at a CAGR of 4.2% in the past decade.

Pembina's business is highly contractual that generates strong fee-based cash flows. Moreover, most of its contracts have no price or volume risks, reflecting cost-of-service or take-or-pay arrangements.

Thanks to the strength in its underlying business, Pembina could continue to generate strong fee-based cash flows in the coming years, implying that its payouts are safe and sustainable in the long run.

The recovery in volumes and pricing are expected to drive Pembina's top and bottom line in 2021. Meanwhile, its diversified exposure to multiple commodities and resilient cash flows are expected to drive its future dividends.

Algonquin Power & Utilities

Algonquin Power & Utilities (TSX:AQN)(NYSE:AQN) has raised its dividend by about 10% annually over the last 10 years, thanks to its rate-regulated business that generates high-quality earnings and cash flows. Algonquin Power & Utilities currently offers a dividend yield of 3.6% and projects a 10% hike in its annual dividend in 2021.

The utility company expects its rate base to increase at a CAGR of over 11% in the coming five years that is likely to drive its earnings and cash flows, in turn, its dividend. Meanwhile, its EBITDA and EPS are projected to increase at a CAGR of 15% and 8-10% over the next five years.

Its majority of power output is contracted under long-term agreements, implying that the company could continue to deliver predictable and growing cash flows in the coming years and boost investors' returns through higher dividend payments.

Bottom line

The dividend payouts of these companies are very safe. Meanwhile, their robust and resilient cash flows suggest that investors could continue to benefit from higher dividend payments. Notably, an investment of $10,000 in each of these stocks could generate an annual dividend income of $1,840.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:ENB (Enbridge Inc.)
3. NYSE:PBA (Pembina Pipeline Corporation)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:ENB (Enbridge Inc.)
6. 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. Coronavirus
2. Dividend Stocks
3. Energy Stocks

Date
2025/08/21
Date Created
2021/02/15
Author
snahata