4 TSX Dividend Aristocrats With Above-6% Dividend Yields

Description

The equity markets were under pressure on Thursday amid the rising bond yields. The **S&P/TSX Composite Index** tanked 1.4%. Amid the uncertain outlook, investors can buy the following four TSX Dividend Aristocrats with above-6% dividend yields to strengthen their portfolios. Given their steady payouts, these companies are less volatile compared to non-dividend paying stocks. Further, these companies will deliver stable passive income amid a low-interest-rate environment.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) has been rewarding investors by paying dividends for the last 66 years. Thanks to its highly regulated business, the company has raised its dividends for the previous 26 consecutive years at an average annual growth rate of 10%. In December, the company had increased its 2021 dividends by 3% to $3.34 per share, representing a forward dividend yield of 7.6%.

Meanwhile, the company is continuing with its $16 billion secure growth projects, which could contribute an additional $2 billion adjusted EBITDA from 2023. Further, the company's management has reaffirmed its long-term annualized DCF per share growth outlook of 5-7%. The management also hopes that its 2021 adjusted EBITDA to come in the range of $13.9 billion-$14.3 billion. So, given its stable cash flows, healthy growth prospects, and strong liquidity of $13 billion, I believe Enbridge's dividends are safe.

TC Energy

TC Energy (TSX:TRP)(NYSE:TRP) earns around 95% of its adjusted EBITDA from rate-regulated assets or long-term contracts, thus delivering high-quality earnings and steady cash flows. These stable cash flows have allowed the company to raise its dividends for the past 21 years at a CAGR of 7%. Earlier this month, the company's board had increased its quarterly dividends by 7.4% to $0.87 per share, representing an annualized payout of $3.48 and a forward dividend yield of 6.4%.

Meanwhile, TC Energy is going ahead with $20 billion of secured growth projects, with more than $8 billion worth of projects under development. Supported by these investments, the company's management expects to raise its dividends at 5-7% over the next couple of years. So, I believe TC Energy will be an excellent buy for income-seeking investors.

BCE

BCE (TSX:BCE)(NYSE:BCE), one of Canada's three largest telecommunication service providers, is my third pick. Telecommunication service providers are highly defensive and deliver stable cash flows, given their business's essential nature. In its recently announced fourth-quarter earnings, the company posted an adjusted EBITDA of $2.4 billion. Its financial position also looks strong, with its liquidity standing at $3.8 billion at the end of last year.

Further, BCE management has planned to spend around $1-$1.2 billion over the next two years to expand its broadband fibre and wireless networks. Additionally, the company has planned to double its 5G population coverage in 2021. These growth initiatives could drive the company's earnings and cash flows.

Meanwhile, BCE has raised its dividends over 5% every year for the last 12 consecutive years. Earlier this month, it had increased its quarterly dividends by 5.1% to $0.875 per share, with its forward dividend yield standing at 6.4%.

Pembina Pipeline

Supported by its highly regulated, diversified businesses, **Pembina Pipeline** (TSX:PPL)(NYSE:PBA) has delivered strong fundamentals over the last 10 years. Its adjusted EBITDA per share and average cash flow per share has grown at a CAGR of 13% and 11%, respectively. It has rewarded its investors by raising its dividends at a CAGR of 4.2% during this period. It currently pays monthly dividends of $0.21 per share, representing a forward dividend yield of 7.3%.

Meanwhile, Pembina Pipeline's management expects its 2021 adjusted EBITDA to be in the range of $3.2-$3.4 billion. Its incremental volumes, higher pricing, and growing backlogs could support its adjusted EBITDA growth. Further, the company had cash and unutilized debt facilities of $2.69 billion at the end of last year. So, the company's dividends are safe.

CATEGORY

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TICKERS GLOBAL

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2. NYSE:ENB (Enbridge Inc.)
3. NYSE:PBA (Pembina Pipeline Corporation)
4. NYSE:TRP (Tc Energy)
5. TSX:BCE (BCE Inc.)

6. TSX:ENB (Enbridge Inc.)
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8. TSX:TRP (TC Energy Corporation)

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Date
2025/08/28
Date Created
2021/02/26
Author
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