4 of the Best High-Yield Canadian Stocks to Buy for 2021

Description

If you are eyeing higher yields from Canadian stocks that are safe, consider buying the shares of **Enbridge** (TSX:ENB)(NYSE:ENB), **Pembina Pipeline** (TSX:PPL)(NYSE:PBA), **TC Energy** (TSX:TRP)(NYSE:TRP), and **Canadian Utilities** (TSX:CU).

On average, these **TSX**-listed stocks offer a high dividend yield of 6.7%, which is secure. Moreover, these companies generate robust cash flows that remain relatively immune to the economic cycles and drives higher dividend payments.

Enbridge

Enbridge offers a stellar annual dividend yield of about 7.6%, which is safe. It has been paying dividends for the last 66 years and increased the same at a compound annual growth rate (CAGR0 of 10% in the past 26 years. Its diverse cash flow sources back its robust dividend payments. Moreover, take-or-pay or cost-of-service contracts lower the negative impact of the volatility in the commodity prices and volumes.

Enbridge remains upbeat and expects its mainline volumes to improve in the coming years. Further, its multi-billion-dollar secured capital program, continued strength in its core business, and cost reduction measures are expected to support its distributable cash flow (DCF) per share and future dividends. Enbridge projects 5-7% annual growth in its DCF/share, implying that investors could expect its dividends to increase at a similar rate in the coming years.

Pembina Pipeline

Pembina Pipeline offers a high dividend yield of about 7.3%, backed by its highly-contracted business that generates strong fee-based cash flows. It has been paying dividends from 1998 and increased the same at a CAGR of about 4% over the last decade.

I believe the improvement in commodity volumes and pricing are likely to cushion its earnings in the coming years. Moreover, new projects and contractual arrangements could continue to drive its cash flows, in turn, its dividend payments. Pembina expects its fee-based contracts to contribute significantly to its adjusted EBITDA growth, implying that its future dividends are safe and could continue to grow. Moreover, its payout ratio is sustainable in the long run.

TC Energy

The energy infrastructure giant generates its earnings from assets that are either backed by long-term contracts or are rate-regulated, implying that its annual dividend yield of 6.4% is very safe. Thanks to its high-quality earnings base, TC Energy has increased its dividends at a CAGR of 7% for more than two decades.

Its regulated assets, long-term contractual arrangements, $8 billion worth of projects under development provide a strong base for future dividend growth. TC Energy projects its dividends to increase by 5-7% in the coming years, making it a top stock for income investors.

Canadian Utilities

Canadian Utilities has uninterruptedly increased its dividends for 49 years in a row. Moreover, its continued investments in the high-quality and regulated earnings base suggest that Canadian Utilities could continue to ramp up its dividends further in the coming years.

The company expects its regulated utility assets to account for over 95% of its earnings, suggesting that Canadian Utilities could continue to deliver predictable and growing cash flows in the future. Continued growth in its rate base and investments in contracted assets positions it well to deliver healthy earnings growth. Canadian Utilities currently offer a solid dividend yield of 5.5%.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. NYSE:TRP (Tc Energy)
4. TSX:CU (Canadian Utilities Limited)
5. TSX:ENB (Enbridge Inc.)
6. TSX:PPL (Pembina Pipeline Corporation)
7. TSX:TRP (TC Energy Corporation)

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Date
2025/08/23
Date Created
2021/02/27
Author
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