No Joke: These 3 Stocks Yield as Much as 7.16%

Description

The stock market had been at all-time highs consistently until the pandemic struck. The development was devastating for investor returns, as stocks declined across the board. But the rapid pullback also opened up value investing opportunities for savvier Canadians.

Most stocks on the TSX recovered close to pre-pandemic levels in a few months, but some stocks are still trading below pre-pandemic valuations. Several high-quality, dividend-paying stocks are also in the mix. Investing in the companies at these lower valuations means that you can lock in the higher yields before valuations go back up.

I will discuss three such stocks that you could consider adding to your portfolio.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) pays its shareholders $3.34 each year in dividends, representing a juicy 7.16% dividend yield at its valuation at writing. Trading for $46.63 per share, the stock is trading at a discount of at least 16% from its pre-pandemic levels.

Enbridge has been paying its shareholders their dividends for a long time and has consistently increased its payouts for the last 26 years at an annual growth rate of 10%. As the demand for energy sector products begins to recover, Enbridge is likely to see its financials improve. Its recent $16 billion secured capital program is also expected to drive its EBITDA.

Pembina Pipeline

Pembina Pipeline (TSX:PPL)(NYSE:PBA) is another energy sector recovery play that you could consider. The company has paid its shareholders dividends since 1997 and grown its payouts by 4.9% in the last 10 years. Its dividend payouts are backed by its highly contracted and diversified assets that generate reliable cash flows for the company.

With energy recovery in full swing, Pembina could deliver a much stronger EBITDA in the coming years. The company's secured and deferred growth projects, backlog, and balanced commodity exposure to several commodities bode good news for the company's growth in the coming years. At writing, the stock is trading for $36.79 per share, and it sports a juicy 6.85% dividend yield.

TC Energy

TC Energy (TSX:TRP)(NYSE:TRP) is another stock offering its shareholders a juicy dividend yield. The company has long been a favourite for its shareholders, delivering strong returns due to its low-risk and high-growth business model. The company's high-quality, regulated, and contracted assets generate substantial cash flows for the company, allowing it to increase its dividends by 7% for the last 21 years.

The Canadian Dividend Aristocrat relies on its rate-regulated and contracted assets for the majority of its adjusted EBITDA. It means that future payouts from TC Energy are most likely safe. The company has positioned itself well to consistently increase its dividend payouts through a multi-billion-dollar secured capital program. The stock is trading for $59.16 per share, and it sports a juicy 5.88% dividend yield.

Foolish takeaway

Typically, high dividend yields are a warning sign that investors should carefully consider before investing in a company. However, Enbridge, Pembina, and TC Energy are all high-quality dividend stocks that have excellent dividend-paying streaks.

The energy sector's weakness that resulted in decreased valuations and inflated yields could go away soon, and the dividend yields could go down to more reasonable levels once valuations increase. It could be the ideal time to lock in these dividend yields before the companies recover.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. NYSE:TRP (Tc Energy)
4. TSX:ENB (Enbridge Inc.)
5. TSX:PPL (Pembina Pipeline Corporation)
6. TSX:TRP (TC Energy 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
2025/07/03
Date Created
2021/04/12
Author
adamothman