



## 3 High-Yield Dividend Stocks to Buy in May

### Description

Heading into May, there are many high-yield dividend stocks worth buying on the TSX. While stocks have set new highs, there remains plenty of yield in certain sectors. Energy, banks, and utilities still throw off buckets of dividends. In many cases, stocks in these sectors are cheap, too. In this article, I'll explore three TSX dividend stocks worth buying in May.

### Algonquin Power & Utilities

**Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) is one of Canada's best-performing utility stocks. At today's prices, its dividend yield is 3.95%. That's higher than the TSX average. And it has room to grow. Over the last five years, AQN's dividend has grown by 10% per year. That's a much higher dividend-growth rate than **Fortis**, which is a dividend superstar in its own right.

AQN has some unique features that give it more growth potential than the average utility stock. First, it's a fairly small-cap stock (for a utility), giving it plenty of room to grow. Second, it has sizable investments in alternative energy, a growth industry that could profit from coming environmental regulations. In its most recent quarter, AQN grew revenue by 12% and [adjusted earnings by 23%](#). If this kind of growth continues then AQN's yield on cost could continue to grow.

### AltaGas

**AltaGas** ([TSX:ALA](#)) is a Canadian energy firm that operates as a [midstream company](#) and a utility. Its stock yields 4.35% — far above the TSX average.

AltaGas had a blowout performance in its most recent quarter. In it, the company delivered

- \$1.29 in normalized EPS — up 63% year over year;
- \$2.08 in funds from operations (FFO) per share — up 35%;
- \$674 million in EBITDA — up 35%; and
- \$304 million in EBITDA in midstream operations — up a phenomenal 153%.

Overall, these were fantastic results. And they provide hope that ALA's already high dividend yield could go higher in the future.

## Enbridge

**Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) is one stock that most Canadian dividend investors will be familiar with. It's famous for having had a yield [well above 7%](#) for many years. ENB has grown its dividend by about 9% per year over the last five years, yet its stock price hasn't moved a whole lot. The result of that has been an astonishingly high yield.

Today, ENB's stock yields 7.04%. At the bottom in March 2020, you could have gotten a yield as high as 12%. It doesn't look like you'll be able to snap up a yield that high on ENB shares any time soon. But if you buy it now and the dividend-growth streak continues, you may get there eventually.

One risk factor to watch out for with regard to Enbridge is the political standoff in Michigan. The governor there wants Enbridge to shut down Line 5 — a pipeline that accounts for about 18% of ENB's total liquids transmission. If that were to happen, then Enbridge's dividend-paying ability would take a real hit. With that said, the company is signaling that it won't comply with the order to shut down its Michigan infrastructure. At any rate, the legal battle over the pipeline will likely take years to sort out. In the meantime, ENB's 7% yield should be safe.

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