



2 Top High-Yield Dividend Stocks to Buy in Canada

Description

Investment opportunities on the stock market change every month. Thus far, in 2021, TSX's performance is better than expected. There's growing optimism the index can sustain its upward trajectory given the high levels of COVID-19 vaccine uptake across Canada.

For [dividend investors](#), the search continues for suitable and reliable income stocks. However, if you're chasing high yields, the top choices to buy today are **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) and **Manulife Financial** ([TSX:MFC](#))([NYSE:MFC](#)). Besides the attractive yields, both are [Dividend Aristocrats](#).

Low-risk and resilient business model

Enbridge is the cream of the crop. The premier energy stock is the perennial choice of yield-hungry investors, Tax-Free Savings Account (TFSA) users, and retirees. The \$82.92 billion energy infrastructure company pays an over-the-top 6.98% dividend. Based on analysts' forecast, the current share price of \$40.71 could rise to \$49.

The company delivers positive financial results almost every year because of strong operational performance, highly contracted utility assets, and stable cash flows. Expect a significant cash flow growth in 2022, as \$10 billion of Enbridge's \$17 billion capital program will be placed into service this year.

Enbridge estimates a \$2 billion incremental EBITDA annually from the said capital program. Its president and CEO Al Monaco stresses that Enbridge has great visibility to achieve between 5% and 7% cash flow growth through 2023. With a growing dividend, the energy stock is indeed a very attractive value proposition for shareholders.

Several projects in the renewable space are underway. Enbridge aims to build a portfolio of capital-efficient, low-carbon energy projects. Their commercial frameworks and returns align with the low-risk business model. Currently, a hydrogen-blending pilot project and four renewable natural gas projects are under construction.

Over the last 45.5 years, Enbridge's total return is 46,281.04% (14.45% CAGR). Meanwhile, the blue-chip stock's year-to-date return is 25.85%. The energy sector is the best-performing sector in 2021, following the slump in 2020.

Global strength and business diversity

Manulife, one of the world's largest life insurers, is a household name. Apart from insurance, the \$47.75 billion company also provides wealth and asset management solutions and financial advice. At \$24.59 per share, the corresponding dividend yield is 4.53%.

The top-tier insurance stock should appeal to value investors as well, because of its solid earnings outlook compared to others in the industry. Manulife's growth drivers are its Asia and Global Wealth & Asset Management business segments. Currently, over 80% of the assets are fixed assets. Moreover, about 98% are investment grade.

In Q1 2021 (quarter ended March 31, 2021), core earnings grew 67% year over year, although the \$783 million in net income was a \$513 million drop versus Q1 2020. According to Manulife president and CEO Roy Gori, the higher risk-free rates and a steepening yield curve within North America are why net income declined during the quarter.

Nevertheless, Gori said the operating results were very strong in Q1 2021 due to the double-digit growth in core earnings across the operating segments. He cited the global strength of Manulife and the diversity of its business for the impressive quarterly results.

Notably, Manulife's digital transformation is progressing well. Auto-underwriting is now 72%, while straight-through-processing and eClaims are at 81% and 92%, respectively.

Income streams for decades

Enbridge and Manulife are yours for the taking in 2021. You have two top-tier high yielders that could provide steady income streams for decades.

CATEGORY

1. Dividend Stocks
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1. Editor's Choice

TICKERS GLOBAL

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2. NYSE:MFC (Manulife Financial Corporation)
3. TSX:ENB (Enbridge Inc.)

4. TSX:MFC (Manulife Financial Corporation)

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