3 Canadian Dividend Stocks With Monster Yields

Description

If you're looking for dividend stocks with monster yields, the TSX abounds with equities that meet your needs. The TSX Composite Index has a fairly high dividend yield (about 2.5%), and some individual TSX stocks yield far more than the index. It's debatable whether buying dividend stocks based on yield alone is a good strategy, but it's definitely worth knowing which stocks out there have the highest payouts. With that in mind, here are three Canadian dividend stocks with monster yields.

Canadian Imperial Bank of Commerce

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM) is a bank stock that has a 4.03% yield as of this writing. This is among the highest yields of Canada's Big Six banks, which collectively yield more than the TSX Composite. CM's stock hasn't risen as much as some of its peers have over the past decade, which is part of the reason why its yield is so high. However, its most recent quarter was a big winner, with revenue up 54%, GAAP earnings up 321%, and adjusted earnings up 278%. The bank also improved its CET1 ratio from 11.3% to 12.4% and increased its ROE from 4.5% to 17.3%. Some of this was the predictable bounce back from the bank's 2020 COVID-related struggles, but there was sequential growth in addition to year-over-year growth. So, we've got cause for optimism.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is a Canadian energy stock that yields 6.8% at today's prices. The stock has a massive yield, because its dividend payout consistently increased over a period when its stock price was going down. From 2016 to 2021, ENB's stock price declined. Yet its dividend increased by 9% annualized over that period. The result was the truly stratospheric yield we can see today.

How is Enbridge doing as a business?

Its most recent quarter was pretty good in adjusted terms. Adjusted net income rose to $1.4 billion from $1.1 billion, adjusted EBITDA was flat, and distributable cash flow (DCF) increased by $100 million. DCF is the metric that Enbridge uses to judge its dividend paying ability. The DCF payout ratio is about

70%, so ENB’s dividend appears safe for now.

Northwest Healthcare Properties

Northwest Healthcare Properties REIT (TSX:NWH.UN) is a REIT that leases space to healthcare clients in Canada and the European Union. The fact that the REIT leases space to healthcare providers is a huge benefit, because these companies’ sales are guaranteed by government revenue. This gives them unparalleled ability to pay, resulting in high collection rates for REITs like NWH.UN. In 2020, mall REITs and apartment REITs suffered low collection rates, as their tenants went out of business or became unemployed due to COVID-19. It was a very different story for healthcare REITs, which skated through the pandemic without a scratch.

NWH’s most recent quarter was pretty decent, boasting the following metrics:

- Revenue: $92.6 million, unchanged.
- AFFO per unit: $0.21, up 0.5%.
- AFFO payout ratio of 97%, or 87% as normalized.
- Total occupancy: 97%.
- International occupancy: 98.5%.

Those are pretty decent results overall. Obviously, we’re not seeing explosive growth here, but for a pure income play like NWH.UN, stability is enough to keep the payouts coming. On that note: NWH.UN yields 6%, making it a dividend play with a truly monster yield.

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