



## 2 High Yield Dividend Stocks to Buy and Hold Forever

### Description

Dividend-paying stocks remain attractive to equity investors due to their ability to provide a steady stream of recurring income as well as deliver capital gains over the long term. The ideal dividend stock is one with the ability to increase its payouts each year. It means companies need to invest heavily in capital expenditures which in turn will help them increase and diversify their base of cash-producing assets.

Further, the companies need to have a resilient business model allowing them to maintain dividend payments across business cycles. Keeping these factors in mind, today we'll take a look at two dividend-paying giants that should be a part of your income portfolio right now.

### Enbridge has a forward yield of 6.7%

One of Canada's most popular [dividend stocks](#), **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) has a forward yield of 6.7%. The energy heavyweight was able to maintain its payout amid the ongoing pandemic due to its resilient business model.

Enbridge derives a majority of its earnings from liquid operations, followed by natural gas and midstream operations. Around 4% of its earnings are generated from its renewable energy vertical.

The company's natural gas distribution and transmission business are regulated while earnings from liquid pipelines are backed by long-term contracts that enable Enbridge to generate steady cash flows.

In the second quarter of 2021, Enbridge reported adjusted earnings per share of \$0.67, which was higher than Wall Street estimates of \$0.55. Enbridge confirmed it remained on track to deploy \$10 billion in capital expenditures this year. These investments will help the company increase cash flows and support further dividend increases. In the second quarter, Enbridge also announced a \$1.14 billion divestment of Noverco.

Enbridge has forecast adjusted EBITDA between \$13.9 billion and \$14.3 billion in 2021 and distributable cash flow per share of between \$4.7 and \$5.0. Given its dividend payment of \$3.34 per

share, we can see ENB has a payout ratio of less than 70%. A sustainable payout ratio has allowed Enbridge to increase dividends at an annual rate of 10% in the last 26 years.

After accounting for dividend payouts, Enbridge stock has returned over 150% to shareholders in the past decade.

## Brookfield Renewable Partners

Another dividend stock that has created massive wealth for long-term investors is **Brookfield Renewable Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)). This company is one of the largest players in the renewable energy space and provides investors with a forward yield of 3.1%.

Brookfield Renewable's funds from operations stood at \$268 million, or \$0.42 per unit in Q2, an increase of 23% year over year. This growth was driven by the robust performance of its existing asset base as well as [acquisition and development projects](#) that were completed in the last 12 months.

Brookfield Renewable pays a quarterly dividend of \$0.30 per share, which suggests the payout ratio is around 70%. The company's current operating portfolio is approximately 21 gigawatts and it ended Q2 with a pipeline of 31 gigawatts in development.

After adjusting for its dividend yield, this renewable energy giant has returned over 200% to shareholders in the last five years.

### CATEGORY

1. Dividend Stocks

### TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
4. TSX:ENB (Enbridge Inc.)

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