# 2 Top Canadian Dividend Stocks With Yields Over 6%

## Description

The TSX's energy sector suffered huge losses in 2020 but is back with a vengeance. Investors are lining up in 2021 to capitalize on the rising oil demand and prices. You can cherry pick energy stocks, as nearly all, including small caps, have had significant gains year to date.



Most income investors didn't sell **Enbridge** (TSX:ENB)(NYSE:ENB) and **Keyera** (TSX:KEY) last year, despite their underperformance. The companies are established income stocks with generous dividends. Neither one slashed their yields to preserve cash or protect the balance sheet. If you were to invest today, the dividend is over 6%.

## Top-tier energy stock

Enbridge investors lost around 15% in 2020 but are winning thus far by 30%. At $50.12 per share, the increase from its COVID low ($30.55) is 64%. Currently, the dividend yield is 6.66%. Assuming you use your $6,000 Tax-Free Savings Account (TFSA) limit to buy Enbridge shares, the money will produce $399.60 tax-free income.

The $102.3 billion multinational pipeline giant has been through the worst recessions and economic downturns. The low-risk business model is why Enbridge continues to deliver superior shareholder value, notwithstanding the industry headwinds. Dividends are also growing since 1995. Also, the energy stock hasn't missed a dividend payment for 70 consecutive years.

Around $1.6 billion of capital projects went into service in 2020. This year, the amount is estimated to be $3 billion. The company projects cash flow growth (2021 to 2023) from its regulated business to be between 5% and 7%. According to management, the organic growth projects in development are worth $30 billion.

Because of the strong operating performance of its core assets and revenues from new capitalprojects, the company can self-fund its growth. Enbridge boasts the best-in-class infrastructure assets. Furthermore, the resiliency and longevity of cash flows make it a buy-and-hold asset. The price could dip, but the dividend payments won’t stop.

## Steady dividend growth

Keyera is a miniature version of Enbridge but a generous dividend payer, too. At $30.41 per share, the dividend yield is a mouth-watering 6.31%. Currently, Keyera (+41%) outperforms Enbridge and the broader market. In the last 18.3 years, the total return is 884.99% (13.32% CAGR).

The hallmark of this $6.78 billion energy infrastructure company is steady dividend growth. It has earned Dividend Aristocrat status for compounding its dividend at 6% annually in the last 10 years. Like Enbridge, Keyera generates robust cash flows. The long-term, fee-for-service contracts (70%) insulate the business from commodity price fluctuations.

In the first half of 2021, Keyera’s net earnings climbed 59% versus the same period last year. For Q2 2021, earnings growth was 342%. Management also reported a payout ratio of 68% after two quarters. The strengthening of the commodities markets was one reason for the stellar results.



Its president and CEO Dean Setouchi said Keyera is committed to delivering a sustainable dividend underpinned by low debt leverage. The company will also invest in projects that generate strong returns, resulting in expanding distributable cash flow per share.

## Reliable income providers

If you want exposure to the red-hot energy sector this September, limit your choices to reliable options like Enbridge or Keyera. Besides the more than 6% dividends, both have low-risk business models to counter market risks. More importantly, you won’t worry about disruptions in the income streams whatsoever.

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2. TSX:ENB (Enbridge Inc.)
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