Passive Income: 3 Dividend Stocks for High Cash Payouts

Description

Looking for passive income?

If so, dividend stocks are just what you're looking for. Similar to bonds, dividend stocks pay out regular cash money over time. Unlike bonds, their payouts can grow over time. It's not unheard of for investors to earn 50% of their investment (or more) in annual dividends a few decades after they bought it. That's a solid rate of return. In this article, I'll explore three high-yield dividend stocks that offer large amounts of passive income.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is a dividend stock with a sky-high 6.6% yield. Its payout ratio is technically over 100% of net income but is only 72% if you go off distributable cash flow (DCF).

ENB is a pipeline company that transports oil and gas all over North America. It charges its clients fees to transport oil for them over a network of pipes that spans the continent. A number of pipeline projects from competitors were recently cancelled or delayed. The Keystone XL project was cancelled entirely. This means that Enbridge enjoys a solid competitive position.

With several competitors out of commission, it's free to enjoy its high market share without worry. In its most recent quarter, Enbridge grew its adjusted earnings by 27% and its DCF by 4%. Overall, it was a pretty solid quarter, suggesting that ENB's dividend is in no danger of being cut any time soon.

NorthWest Healthcare

NorthWest Healthcare Properties REIT (TSX:NWH.UN) is another dividend stock (more accurately a REIT) with a sky-high dividend yield. At today's prices, NWH.UN yields 6%, which means that you get $6,000 in annual cashback on a $100,000 position.

NWH is a healthcare REIT, rendering it one of the most stable and dependable types of real estate companies around. Healthcare REITs lease to healthcare providers, which tend to have very stable and predictable revenue. Particularly in Canada and the EU, where healthcare is government-funded. In its most recent quarter, NWH showed solid growth in adjusted funds from operations (AFFO) and net asset value (NAV) and had a high collection rate. This is definitely one dividend play you can sleep soundly at night with.

Canadian Imperial Bank of Commerce

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM) is a Canadian bank stock with a 4% yield at today's prices. If you invest $100,000 in CM stock, you get $4,000 in annual cashback. That's a substantial cash bonus every year, and you can tax-shelter up to 75% of it in a Tax-Free Savings Account (TFSA). Is CM a good stock apart from its dividend?

Well, it has a 30% net margin and 8% annualized growth in earnings over five years. That's pretty good growth and profit for a bank. The company also delivered a solid performance in its most recent quarter , delivering:

- $1.73 billion in reported net income, up 48% year over year and 5% sequentially.
- $1.8 billion in adjusted net income, up 45% year over year and 9% sequentially.
- $3.76 in reported diluted EPS, up 47% year over year and 6% sequentially.
- 17.9% return on equity (ROE).
- A 12.3% CET1 ratio.

It was a solid quarter overall, speaking to a bank that can keep cranking out its juicy dividend for the foreseeable future.

CATEGORY

1. Dividend Stocks
2. Energy Stocks

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2. NYSE:ENB (Enbridge Inc.)
3. TSX:CM (Canadian Imperial Bank of Commerce)
4. TSX:ENB (Enbridge Inc.)
5. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

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