Earn Passive Income: Buy These 3 High-Yield Stocks Now

Description

Amid stretched valuations, lower interest rates, and uncertainty related to the variants of the COVID-19, it's prudent to put some of your cash into high-quality dividend stocks offering attractive yields for steady passive income.

Notably, high-quality dividend stocks are relatively less volatile. Furthermore, higher dividend yields reduce investors' payback period and enhance overall returns.

With reliable passive-income stocks in the background, let's dig deeper into three Canadian stocks offering high dividend yields of over 6%.

Enbridge

Speaking of high-quality dividend stocks offering attractive yields, **Enbridge** (TSX:ENB)(NYSE:ENB) tops my list. This energy infrastructure company offers an attractive yield of 6.6% and has a long history of dividend payments (for more than 66 years). Also, Enbridge has raised its dividends at a CAGR (compound annual growth rate) of 10% (the highest among its peers) in the last 26 years.

Notably, its low-risk business, diversified assets, and contractual framework generate strong distributable cash flows (DCF) that support higher dividend payments.

Meanwhile, improved energy outlook, higher asset utilization, and strong secured capital growth program will likely drive incremental EBITDA over the coming years and drive future cash flows. Furthermore, continued strength in the core business, recovery in mainline volumes, and growth opportunities in the renewable segment augur well for future growth and will likely support its earnings and cash flows. Moreover, strategic acquisitions and productivity savings could drive its profits and future payouts.

Pembina Pipeline

Pembina Pipeline (TSX:PPL)(NYSE:PBA) is another high-yield bet that one could consider adding to their portfolio to generate steady income irrespective of the volatility in the market. This Canadian energy stock offers a lucrative yield of 6.3% and has consistently paid a monthly dividend. Since its inception, Pembina Pipeline has distributed over $10.1 billion in dividends to its shareholders. Meanwhile, on average, the energy giant has increased its dividend at a mid-single-digit pace annually in the last decade.

Pembina's dividends are backed by its highly contracted business that generates robust fee-based cash flows. Despite the surging cases of the Delta variant of COVID-19, I remain upbeat over Pembina's prospects and future payouts.

Looking ahead, I expect higher volumes, increased commodity prices, and operating leverage to continue to drive its earnings and, in turn, its dividend payments. Further, improved energy demand, a solid backlog of growth projects, and exposure to diverse commodities could accelerate its growth and boost future dividends.

Pizza Pizza Royalty

Investors could also consider adding **Pizza Pizza Royalty** (TSX:PZA) stock to their portfolios. Like Pembina Pipeline, this quick-service restaurant company offers monthly dividend payouts to its shareholders. Furthermore, it has paid and raised its dividend in 2021, despite the slowdown in its traffic due to COVID-related restrictions.

Pizza Pizza stock offers a high dividend yield of 6.3%, which is reliable.

I believe the company remains well positioned to capitalize on the expected normalization in demand trends, which is likely to support its payouts.

With the ongoing vaccination and easing of stay-at-home mandates, I expect Pizza Pizza Royalty's walk-in sales to improve sequentially. Meanwhile, its traffic could soon return to normal. While the company could face challenges in the near term, its focus on network expansion, solid delivery sales, and delivery promotions bode well for growth.

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