Want Stocks With at Least 6% Dividend Yields? My 3 Top Bets

Description

An improving economic outlook and recovery in corporate earnings growth suggest that Canadian companies will continue to enhance shareholders' returns through higher dividend payments in the coming years. Furthermore, lower yields on debt instruments amid a record-low interest rate environment make high-yield dividend stocks an attractive bet.

So, if you are seeking a higher yield, here are my top three recommendations. Notably, each of these stocks is yielding over 6% and has strong dividend payment history.

Enbridge stock: Dividend yield of 6.4%

Enbridge (TSX:ENB)(NYSE:ENB) is an obvious choice for investors seeking high yields with reliable payouts. To give a background, this energy company has paid dividends for over 66 years in a row. Further, its dividend has a CAGR of 10% in the last 26 years, which is encouraging. It's worth noting that Enbridge increased its dividend by 3% in 2020, despite the disruption from the pandemic. Furthermore, its payout ratio of 60-70% of the distributable cash flows (DCF) is sustainable in the long run.

Thanks to the continued increase in its dividends, Enbridge stock offers a high yield of 6.4%. Further, I expect 5-7% growth in its annual dividends in the coming years due to continued improvement in its DCF per share. Notably, Enbridge's diversified cash flow streams, a contractual framework to reduce price and volumes volatility, and strength in core business will likely drive its DCF. Further, a strong secured capital program, strategic acquisitions, and efficient cost control will likely support its cash flows and higher dividend payouts.

Pembina Pipeline stock: Dividend yield of 6.1%

With a high dividend yield of 6.1% and a long dividend payment history, **Pembina Pipeline** (TSX:PPL)(NYSE:PBA) is another stock that should be on your radar. Like Enbridge, this energy infrastructure company has consistently increased its dividend payments. Further, it has been paying dividends for more than 22 years. Pembina's business is highly contracted that generates resilient cash flows. Meanwhile, its dividend is backed by strong fee-based cash flows.

Notably, its payout ratio of 72% of fee-based distributable cash flows is sustainable in the long term. Meanwhile, improving energy demand, higher average price realizations, and increased volumes will drive Pembina's future fee-based cash flows and higher dividend payments. Furthermore, significant backlog opportunities and growth projects support my bullish outlook.

NorthWest Healthcare stock: Dividend yield of 6%

Looking beyond energy stocks, **NorthWest Healthcare** (TSX:NWH.UN) stock is another viable option that is paying a high yield of about 6% at current price levels. With its defensive portfolio of real estate assets and strong operating metrics, NorthWest Healthcare will continue to boost its shareholders' returns through regular monthly dividend payments.

With its solid occupancy rate of 97%, higher weighted average lease expiry term of 14 years, and the majority of rents indexed for inflation, NorthWest is poised well to deliver strong financials. Further, more than 80% of its tenants have government support, while it has a robust development pipeline of over $1 billion, which is encouraging. Also, its expansion into newer markets in North America and Western Europe, strategic acquisitions, and balance sheet optimization bode well for future growth.

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1. Coronavirus
2. Dividend Stocks
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2. NYSE:PBA (Pembina Pipeline Corporation)
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4. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
5. TSX:PPL (Pembina Pipeline Corporation)

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