



2 High-Yield Stocks to Buy in November

Description

Canadian pensioners and other [dividend investors](#) are searching for high-yield stocks to add to their portfolios. The overall TSX Index looks lofty today, but some decent deals are still available.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) reported solid Q3 2021 results, and the outlook for 2022 should be positive. The company generated adjusted earnings of \$1.2 billion in the quarter compared to \$1.0 billion in the same period last year. Distributable cash flow (DCF) was \$2.3 billion compared to \$2.1 billion in Q3 2020.

Investors will be relieved to know the company reaffirmed its 2021 EBITDA guidance of \$13.9 billion to \$14.3 billion and the DCF guidance of \$4.70 to \$5.00 per share. The board didn't announce a dividend increase, but that will likely come in early December, when Enbridge presents its 2022 financial plans.

Enbridge increased the distribution by 3% for 2021. Investors should see another boost of at least that amount for next year. Enbridge's oil pipelines are enjoying a rebound in throughput, as refineries ramp up production of fuels. Enbridge will also see added revenue in 2022 from the recently completed Line 3 Replacement Project and the US\$3 billion acquisition last month of an oil export facility and connected pipeline infrastructure.

Enbridge appears attractive at the current share price of \$53 and offers a 6.3% dividend yield.

Algonquin Power

Algonquin Power ([TSX:AQN](#))([NYSE:AQN](#)) trades near \$17.80 per share at the time of writing compared to a high above \$22.50 earlier in the year. The renewable energy sector enjoyed a nice surge to start 2021, but the segment has underperformed the broader market for several months. This gives income investors a chance to pick up Algonquin Power at what should be an attractive price.

The company recently announced a major acquisition that will significantly boost its size. Algonquin Power is paying US\$2.85 billion for Kentucky Power. The deal adds 228,000 new electricity customers to the portfolio. Kentucky Power is a rate-regulated electricity generation, distribution, and transmission utility.

Algonquin Power intends to replace the coal-fired power-production facilities with renewable energy assets. The company has expertise in the renewable energy sector with wind, solar, and hydroelectric assets.

The deal is expected to close next year and will increase Algonquin Power's regulated rate base by US\$9 billion, or 32%. Distribution and transmission infrastructure will grow by 37%, and the customer base will increase 19%.

Algonquin Power has a long track record of making successful strategic acquisitions to drive growth. The Kentucky Power deal will be accretive in the first full year after closing and should drive steady cash flow growth beyond 2023.

The board raised the dividend by 10% in 2021. A similar increase could be on the way next year once the transaction closes.

Investors who buy the stock at the current price can pick up a 4.9% dividend yield.

Algonquin Power offers an attractive dividend-reinvestment plan. Investors who choose to use the dividends to buy new shares get a 5% discount.

The bottom line on top high-yield stocks

Enbridge and Algonquin Power pay solid dividends that should continue to grow in the coming years. The stocks appear cheap today and should be quality picks for a high-yield portfolio.

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