Canadian Investors: Earn Over $400/Month With These 3 Cheap Dividend Stocks

Description

Amid rising Omicron infections worldwide, it is better to supplement yourself with passive income. Investing in high-yielding dividend stocks is one of the cheaper and convenient ways to earn passive income. The following three cheap Canadian stocks currently pay dividends at a healthier yield of over 6.5%. So, if you invest the entire permitted amount of $76,500 in these three Canadian stocks through your TFSA account, you can earn a tax-free passive income of over $400 per month.

Enbridge

Amid rising COVID-19 cases, the energy sector has been under pressure, including **Enbridge** (TSX:ENB)(NYSE:ENB). The company has lost over 11% of its stock value from last month's highs. Meanwhile, the correction offers an excellent buying opportunity for investors, given its excellent track record, attractive forward dividend yield and a cheaper forward price-to-earnings multiple of 15.8.

Last week, Enbridge's management provided the guidance for the next year, with its adjusted EBITDA and DCF per share expected to grow by 9% and 10%, respectively. Meanwhile, the company also raised its monthly dividend by 3% to $0.86 per share, marking the 27th-year of a consecutive dividend hike. Its forward yield currently stands at an impressive 7.16%. Given its predictable cash flows due to highly-regulated business, planned investment in secured growth projects and a healthy liquidity position of $10 billion, I believe its dividends are safe.

Pembina pipeline

With a forward dividend yield of 6.71%, **Pembina Pipeline** (TSX:PPL)(NYSE:PBA) would be my second pick. The company generates over 90% of its adjusted EBITDA from take-or-pay, cost-of-service and fee-for-service, thus delivering stable and predictable cash flows. Supported by these solid cash flows, the company has increased its dividends at a CAGR of 4.9% over the last 10 years.

Meanwhile, Pembina Pipeline's growth prospects look healthy, with around $5 billion of current or potential projects. The company's management expects its adjusted EBITDA to come in the range of

$3.35 – $3.55 billion compared to $3.3 – $3.4 billion in 2021. With its healthy liquidity of $2 billion and a payout ratio of 61%, the company could continue paying dividends at a healthier yield.

Besides, the company's valuation also looks attractive, with its forward price-to-sales and forward price-to-earnings standing at 2.7 and 14.8, respectively. So, Pembina Pipeline would be an excellent addition to your portfolio.

Keyera

Keyera (TSX:KEY), an energy infrastructure company, has lost over 22% of its stock value from its June highs. Income-seeking investors should utilize the correction to accumulate the stock given its healthy growth prospects and attractive dividends. Currently, the company earns around 70% of its cash flows from fee-for-service and take-or-pay contracts, thus providing stability to its cash flows. Supported by these stable cash flows, the company has raised its dividends at a CAGR of 7% since 2008. Its forward yield currently stands at a juicy 6.94%.

Meanwhile, in July, Keyera started its Wildhorse crude oil storage and blending terminal, adding 4.5 million barrels of storage capacity. It is also building a KAPS pipeline project, which could become operational in early 2023. These investments could boost its financials in the coming years. With liquidity of $1.4 billion and minimal debt maturities over the next five years, the company is well-equipped to fund its growth initiatives and pay dividends.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

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2. NYSE:PBA (Pembina Pipeline Corporation)
3. TSX:ENB (Enbridge Inc.)
4. TSX:KEY (Keyera Corp.)
5. TSX:PPL (Pembina Pipeline Corporation)

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Date
2025/06/30
Date Created
2021/12/15
Author
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