The Top 2 Highest-Yielding Dividend Stocks on the TSX Today

Description

Dividend investing can be very lucrative in Canada. Our leading industries comprise many safe, reliable companies that have paid some of the most consistent and high-yielding dividends throughout the last 20 years.

Not all dividend companies are equal, though. Some companies have a consistent history of increasing dividends and maintaining payouts. Others are known for them exceptionally high yields. Today, we'll be focusing on two companies that exhibit the later from the energy sector.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) currently boasts an incredible 7.16% dividend yield based on its current price of $48.04 per share. Usually, when you see a dividend payment this high, caution is warranted, as it could be the result of an unsustainable payout ratio or a recently lowered share price, but Enbridge is neither.

The company just loves its shareholders, and its long history of dividend increases attests to this. Since 2017, Enbridge has increased its annual dividend by 10% on average with a five-year average dividend yield of 6.06%, which is simply incredible.

TC Energy

TC Energy (TSX:TRP)(NYSE:TRP) is Enbridge's main competitor in terms of market cap. While not as high as Enbridge, TC Energy's dividend is nothing to sneeze at, with a very respectable yield of 5.93% based off a current share price of $58.65.

Like Enbridge, TC Energy also has a history of consistent dividend increases, averaging an annual increase of 9.5% since 2015. Its five-year average dividend yield sits at 4.75%, a respectable amount compared to the rest of the industry.

Should you buy?

Building a portfolio of these companies and reinvesting the dividends can snowball quickly over time, leading to a high total return. For older investors, a dividend portfolio can provide a stream of reliable income to rely on without withdrawals, allowing them to keep their nest egg safe.

However, as with all investments, I would urge diversification. Concentrating your dividend portfolio in these two companies could expose you to the risk of either underperforming or even going bankrupt. There is no guarantee that the Canadian energy sector will outperform in the future.

A better play may be to maintain a holding in both, but also seek out dividend stocks in other sectors such as banking, insurance, and utilities. An even better option out there might be to buy a exchange-traded fund, such as the **iShares S&P/TSX Canadian Dividend Aristocrats ETF**. Doing so can ensure great results for a relatively minimal amount of time spent, allowing your dividends to compound while you enjoy life.

CATEGORY

1. Dividend Stocks
2. Investing

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2. NYSE:TRP (Tc Energy)
3. TSX:ENB (Enbridge Inc.)
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