The 2 Safest High-Yield Dividend Stocks in Canada

Description

If you happen to be sitting on any idle cash waiting on the sidelines, looking for an opportunity to invest, now would be the time to spring into action.

At writing, the **S&P/TSX Composite Index** is down by 3.20% from its latest all-time high in November 2021. Despite the downturn in the last few weeks of 2021, the Canadian benchmark index is up by almost 17% year over year.

There might be a correction on the cards soon, but the historical performance of the stock market indicates that equity markets could rise to greater heights this year. The recent pullback could be the perfect opportunity to enter the market to enjoy profits when markets recover and go higher.

Dividend investing can be quite lucrative if you know where to invest your capital. Today, I will discuss two of the safest high-yield dividend stocks that you could consider adding to your portfolio for this purpose.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is a very high-yielding dividend stock. At writing, Enbridge stock is trading for $50.91 per share, and it boasts a staggering 6.76% dividend yield. Normally, such a high dividend yield should be alarming for investors, because it brings into question whether the company can sustain such high payouts. However, Enbridge is a company that can sustain its payouts.

Enbridge boasts a long history of dividend hikes. It has increased its shareholder dividends at an annualized rate of 10% since 2017. A strong performance for the energy sector in 2021 boosted its financials. Enbridge has also entered the renewable energy industry, setting itself up well for a profitable future dominated by green energy.

Capital Power

Capital Power (TSX:CPX) is another dividend stock from the energy sector that could be worth your while. Capital Power is a $4.55 billion market capitalization independent power-generation company. It develops, acquires, owns, and operates power-generation facilities using various energy sources.

At writing, Capital Power stock is trading for $39.12 per share, and it boasts a 5.60% dividend yield. The stock boasts a juicy dividend yield, and it is trading for a considerable 12.03% discount from its all-time high in October 2021. Picking up its shares at current levels could allow you to lock in its inflated dividend yield and set yourself up for significant wealth growth through capital gains as it recovers.

Foolish takeaway

Buying shares of these companies and reinvesting the dividends to buy more shares could start a snowball effect that leads to a massive total return in the long run. Older investors can rely on a dividend income portfolio to supplement their retirement income without rapidly consuming their nest egg.

As safe as these two investments are, it's important to remember that no investment in the stock market comes without risk. It's crucial to diversify your asset allocation to a wide range of investments that could help you achieve your financial goals. You can begin building your portfolio with these two stocks but ensure that you invest in assets across a wide range of industries in case the energy sector dips in the future.

CATEGORY

1. Dividend Stocks
2. Investing

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