



## Like Huge Income? These 4 Stocks Yield at Least 5%

### Description

In today's world of low interest rates, many investors have turned to the stock market to get enough income.

There's just one problem: dividends are hardly guaranteed. A company can cut its dividend at any point for no real reason whatsoever. Additionally, many stocks that pay dividends in excess of 5% are shunned in the minds of many investors. They just don't think those huge dividends are safe.

And sometimes, they're right. There are many stocks paying dividends in excess of 5% that aren't safe. But there are many more that are paying yields of 5%, 7%, and even 10% that are easily earning enough to cover the dividend. These are the kinds of stocks income investors should be looking to stuff into their portfolios.

Here are four of the best income stocks on the TSX today, each yielding at least 5%.

### National Bank

It isn't very often that one of Canada's largest financial institutions gets to the point where shares yield more than 5%. But that's exactly what shares of **National Bank of Canada** ([TSX:NA](#)) are offering investors right now.

National Bank has more than just a 5.1% dividend going for it. The company also trades at an attractive valuation with shares at less than 11 times trailing earnings. Profit is expected to grow next year as well, meaning shares are trading at just a little more than 10 times projected 2016 earnings. That's great value in a market where the average stock trades at a P/E ratio of approximately 20.

Another thing going for National Bank is a lack of exposure to the Toronto and Vancouver housing markets—two areas many observers feel are overvalued. Most of National's capital is tied up in Quebec and the Atlantic provinces.

Finally, National Bank offers a great payout ratio of just 54% of earnings. This ensures the dividend should continue to keep creeping up each year, even if Canada's economy takes another turn for the

worse.

## Extendicare

There are more than nine million Canadian baby boomers currently alive today. Most will need some sort of long-term care in the future.

This trend is good news for **Extendicare Inc.** ([TSX:EXE](#)), one of Canada's largest owners and operators of assisted-living facilities. It has more than 6,400 beds under management with nearly 1,000 beds worth of new development in the pipeline. Additionally, the company nearly doubled the size of its home healthcare business in 2015 by acquiring a competitor.

The company currently pays a dividend of \$0.04 per share each month, good enough for a 5.2% yield. The payout ratio for 2015 was 88% of adjusted funds from operations. This is expected to fall in 2016 as new developments start to contribute to the bottom line.

## Smart REIT

There are many investors who think **Smart REIT** ([TSX:SRU.UN](#)) is Canada's finest retail real estate owner.

The vast majority of its 138 different locations in Canada are anchored by a **Wal-Mart** store. Normally, such concentration on one tenant is considered a bad thing. But Wal-Mart stores are great at generating foot traffic, which is a good thing for other tenants, even those that compete against Wal-Mart. It's obvious the plan is working, since Smart boasts an occupancy rate of close to 99%—the best in the sector.

Smart also has a very new portfolio with the average age of its properties barely surpassing a decade. And its 5% yield is safe as well with the payout ratio resting comfortably below 80% of funds from operations.

## Pizza Pizza

Fast food is generally regarded as a pretty good business. It's asset-lite, and the franchise model ensures investors get a steady dose of income in good and bad times.

There's one simple reason why **Pizza Pizza Royalty Corp.** ([TSX:PZA](#)) is one of my top holdings. Pizza is really easy to order using an app. Combine that with the company's powerful coast-to-coast presence, and I like the future outlook.

There are other reasons to like this stock. Same-store sales are increasing approximately 4% a year—a nice clip. The 6.1% yield has been increased twice in the last year. And there's all sorts of potential to increase the store count across Canada.

## CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

1. TSX:EXE (Extendicare Inc.)
2. TSX:NA (National Bank of Canada)
3. TSX:PZA (Pizza Pizza Royalty Corp.)
4. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

### **Category**

1. Dividend Stocks
2. Investing

### **Date**

2025/08/26

### **Date Created**

2016/04/12

### **Author**

nelsonpsmith

default watermark

default watermark