

TFSA Investors: 3 Dividend Stocks on the TSX Index You Probably Haven't Discovered

Description

Everyone is familiar with the high-profile [dividend payers](#) in the TSX Index, but many smaller names that fly under the radar deserve some consideration.

Let's take a look at three niche market players that might be interesting picks.

Pembina Pipeline Corp. ([TSX:PPL](#))([NYSE:PBA](#))

Pembina provides transportation and midstream services to oil and gas producers in western Canada. The assets include pipelines, gas gathering and processing facilities, as well as an oil and natural gas liquids (NGL) infrastructure and logistics division.

The diversified business lines deliver a balanced revenue stream, and Pembina continues to add projects to serve the market. For example, Pembina is expanding its Peace Pipeline system to meet growing demand in the Montney and Deep Basis resource plays.

Pembina reported record results in the first quarter of 2018. Earnings came in at \$330 million, representing a 57% increase over the same period last year. Adjusted cash flow from operations rose 72%.

The company recently bumped up the monthly dividend from \$0.18 to \$0.19 per share. That's good for a [yield](#) of 4.9%.

Keyera Corp. ([TSX:KEY](#))

Keyera also plays a key role in the western Canadian oil and gas sector, delivering midstream energy solutions through fee-for-service businesses that encompass natural gas gathering and processing, NGL processing, transportation, storage, and marketing operations. The company's network includes 4,000 km of pipelines.

Keyera is expanding its footprint in the liquids-rich Duvernay and Montney region. Phase two of the Wapiti Gas Plant should be completed by the middle of 2020, and the company sees ongoing opportunities for growth.

In June, Keyera acquired a logistics and liquids blending terminal in Oklahoma for US\$80 million, setting up the potential for additional investments in the area.

The company reported adjusted EBITDA of \$189 million for Q1 2018 compared to \$148 million in the same period last year. Distributable cash flow rose to \$0.75 per share from \$0.65 per share in Q1 2017. This translates into a payout ratio of 56%, so there is ample room for distribution increases.

The current monthly payout of \$0.14 per share provides a yield of 4.5%.

Algonquin Power and Utilities Corp. ([TSX:AQN](#))([NYSE:AQN](#))

Algonquin Power owns and operates green energy facilities, primarily located in the United States. The company has grown significantly through strategic acquisitions, and investors are seeing the benefits.

Algonquin Power reported Q1 2018 adjusted EBITDA of US\$279 million compared to US\$192 million in the same period last year. Adjusted funds from operations rose 15% to US\$180 million.

The company raised the dividend by 10% when it released the Q1 results, and more gains should be on the way, as management continues to execute its growth plan. The distribution provides an annualized yield of 4.5%.

The bottom line

Investors can find top-quality dividend stocks with attractive yields among the smaller names in the TSX Index. All three of these companies continue to grow and should be solid buy-and-hold picks for a TFSA-focused income fund.

CATEGORY

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1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
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