3 TSX Dividend Stocks Absolutely Loaded With Cash

Description

At the end of the day, they always say it's "cash that's king."

If that's true, these three dividend stocks would have to be nothing less than TSX royalty.

Each of these companies not only boasts a demonstrable track record of generating significant amounts of cash flow from their regular operations but also of returning the bulk of those cash flows to their shareholders.

Chemtrade Logistics Income Fund (TSX:CHE.UN) currently yields an annual 11.76% dividend payout.

Now, if you're anything like me, and you catch wind of a company that's paying a close to 12% annual dividend yield, you might be thinking to yourself that there has to be more to the story.

One obvious possibility is that it could mean the market is pricing in a dividend cut for the company at some point down the road — a scenario that would more than likely result in a depressed stock price and a higher (but temporarily) reported dividend yield.

But in the case of Chemtrade, I just don't believe that to be the case.

Of course, I could be wrong, but based on management's previously outlined financial guidance for the rest of 2019, I have to believe the current dividend is sustainable, at least for the time being.

Meanwhile, if management is right in its assertion that the markets for various of its chemical products are beginning to show improvement again, then this could end up being a rewarding turnaround story for investors to stick around for.

Then there's a company like **CI Financial** (TSX:CIX).

CIX stock currently yields a 3.79% dividend annually, but the big story here is not its dividend, but rather the volume of its own stock that it's been repurchasing in the open market over the past couple of years.

In addition to the current $0.72 per share dividend payout, CI Financial bought back over $156 million of its own common stock through the first six months of 2019 on top of $657 million in share repurchases in 2018 and another $413 million in 2017.

Granted, with a new CEO set to impart his own direction for the investment manager, we may see the pace of those buybacks continue to slow in the coming quarters, as available funds get redirected towards new investments in technology and global distribution, but, trading at a price-to-earnings multiple under 10 times, this is a stock that appears to offer solid value.

Last but certainly not least is **Magna International** (TSX:MG)(NYSE:MGA), which raised its quarterly dividend by more than 10% in Canadian dollar terms earlier this year.

Forecasting annual free cash flows in the neighbourhood of US$2 billion this year with that trend expected to improve over the next few years, as investments in technology and operational improvements continue to roll off, investors may want to brace themselves (in a positive sense) for ongoing increases to MGA's dividend of a similar magnitude.

Existing cash flows should be more than enough to allow this leading Canadian auto parts manufacturer to continue to reinvest in itself while generating above-average returns for its shareholders — certainly a winning combination if there ever was one.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. NYSE:MGA (Magna International Inc.)
2. TSX:CHE.UN (Chemtrade Logistics Income Fund)
3. TSX:CIX (CI Financial)
4. TSX:MG (Magna International Inc.)

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