Dividend Investors: 3 High-Yield TSX Stocks to Buy After the Market Crash

Description

The recent marker crash has left investors sweating. Oil prices are down, and this has this driven several Canadian stocks to multi-year lows. Most analysts expect the equity market to be volatile due to the coronavirus outbreak and a sluggish macro environment.

While short-term headwinds remain, investors can identify stocks with strong fundamentals and buy them at major dips. The recent pullback has also increased dividend yields, making them attractive for income investors. We'll look at three such stocks that can increase long-term shareholder wealth.

Telus has a yield of 4.91%

Canada's telecom giant **Telus** (TSX:T)(NYSE:TU) is trading close to its 52-week low. However, while the **S&P/TSX 60 Composite ETF** is down 13% in 2020, Telus has lost less than 4% year to date. The telecom stock is a top defensive pick and is part of a recession-proof industry.

The transition to 5G will be a key revenue driver for the company and can offer upside potential to investors. The company's top line is driven by robust customer additions and low churn rate, and its stable earnings make it an attractive bet for long-term investors.

Further, Telus has a forward dividend yield of a tasty 4.91%, and the company aims to increase dividend payments by 7-10% annually till 2022. It has increased yields for 16 consecutive years with a 10-year growth rate of 9%.

In the last 10 years, Telus stock has returned 167%, excluding dividend payouts, and outperformed broader markets with a beta of 0.68.

Bank of Montreal has an attractive dividend

Shares of Canada's banking heavyweight **Bank of Montreal** (TSX:BMO)(NYSE:BMO) fell over 13% on March 9, 2020, and is currently trading 29% below its 52-week high. This pullback has increased the stock's dividend yield to a healthy 5.8%.

But as we have seen, a market correction presents investors with a buying opportunity. While Canadian banks have a huge exposure to the energy sector, the federal bank will come into the picture and bail out these financial institutions if things turn ugly due to rising defaults.

The recent interest rate cut will benefit BMO and peers, as mortgage rates move lower and decrease the cost of funding. These savings will be passed onto customers and result in higher lending, ultimately driving revenue growth.

BMO stock has a forward price-to-earnings multiple of 7.8, and with earnings estimated to grow at an annual rate of 3.6% in the next five years, it seems to be trading at a fair valuation.

Nutrien's forward dividend yield is 5%

Another beaten-down stock is Canada-based **Nutrien** (TSX:NTR)(NYSE:NTR). This company produces and distributes potash, nitrogen, and phosphate products for agricultural, industrial, and feed customers.

It has retail operations in the United States, Canada, South Africa, South America, and Australia. The stock is trading at $46.45 and is down 37% from its 52-week high. The market correction has increased forward dividend yield to 5.05%.

Nutrien has a market cap-to-revenue ratio of 0.97 and an enterprise value-to-revenue ratio of 1.5. Comparatively, analysts expect sales to fall by 0.9% in 2020 and then rise 5.3% in 2021. In the next five years, earnings growth is estimated at an annual rate of 12.3%.

In 2019, Nutrien's diversified product portfolio has generated $2.2 billion in free cash flow. Further its business provides stability in a volatile market and is expected to return to growth via a recovery in the fertilizer markets.

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