3 Top Income Stocks Ripe for the Picking

Description

Hello, Fools! I'm back to highlight three high-yield dividend stocks. As a reminder, I do this because high-yield dividend stocks provide a healthy income stream in both good and bad markets; usually come from stable industries; and tend to outperform the market over the long run.

So if you're looking to protect your Tax-Free Savings Account (TFSA) from this recent market crash, this list is a good place to start.

Bank on it

Leading things off is financial gorilla **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS), which currently boasts an attractive dividend yield of about 6.0%.

Scotia shares have been hit surprisingly hard during this selloff, providing Fools with a solid income opportunity. Specifically, Scotia's sheer scale (total assets of $597.1 billion), diversified model, and increasing global footprint should continue to support a strong dividend.

In the most recent quarter, for example, adjusted EPS of $1.83 easily topped estimates on strong performance from Scotia's Canada wealth and global markets units.

More important, the company's return on equity clocked at 14.2%, a solid improvement from 13.5% in the year-ago period.

"We are pleased with our results this quarter which demonstrate the strength of our diversified businesses," said CEO Brian Porter. "We are focused on realizing the benefits from our technology investments through an improved productivity ratio and greater customer satisfaction."

Scotia shares currently trade at a forward P/E in the high single digits.

Telus everything

With an attractive dividend yield of about 4.8%, telecom giant **Telus** (TSX:T)(NYSE:TU) is next up on our list.

Despite Telus' recession-proof nature, its shares have also been walloped in recent weeks. That said, the company's dividend should continue to be backed by robust cash flows, a strong regulated operating environment, and steady wireless growth. In the most recent quarter, for example, free cash flow improved 2.3% to $135 million.

Looking ahead, management sees full-year 2020 revenue and EBITDA growth of up to 8% and 7% with free cash flow expected to grow to up to $1.7 billion.

"In 2019, TELUS continued its track record of delivering strong and consistent financial and operating results in both wireless and wireline, a trend the TELUS team has demonstrated over the long-term," said President and CEO Darren Entwistle.

Telus shares currently trade at a forward P/E in the mid-teens.

Electric choice

Closing out our list is electricity giant **Emera** (TSX:EMA), which currently sports a solid dividend of about 4.3%.

The stock has held up remarkably well during this selloff, suggesting that Emera's business model is particularly recession proof. Specifically, the company's massive scale (assets worth$30 billion), diverse base of customers (residential, commercial, industrial), and strong cash flows should continue to support healthy long-term dividends.

For example, weak energy markets and costs associated with Hurricane Dorian, Emera generated $1.6 billion of operating cash flow in 2019.

"The underlying financial performance of our business was strong in 2019, with our utilities delivering 10% earnings growth year over year," said CEO Scott Balfour. "In 2020, we look forward to the closing of the Emera Maine transaction, and redeploying capital from our asset sales into our businesses which are driving a rate base growth forecast of 7% through to 2022."

Emera currently trades at a forward P/E in the high-teens.

The bottom line

There you have it, Fools: three top high-yield stocks worth checking out.

As always, don't view them as formal recommendations. Instead, look at them as a starting point for more research. A dividend cut (or halt) can be especially painful, so you'll still need to do plenty of due diligence.

Fool on.

CATEGORY

1. Dividend Stocks

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:TU (TELUS)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:EMA (Emera Incorporated)
5. TSX:T (TELUS)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks

Date
2025/08/19
Date Created
2020/03/14
Author
bpacampara