



## 2 TSX Dividend Stocks Yielding More Than 8%

### Description

After this week's three-day rally, it appears that a lot of confidence has returned to the markets. Despite that major gains through the week, however, a lot of **TSX** dividend stocks still remain extremely attractive.

And because these companies are cheap, their dividends are yielding massive figures that will be extremely rewarding for long-term shareholders for years.

There is no telling what may happen in the short term, and these companies could very well be sold off again over the next few weeks, creating even higher dividends.

That shouldn't matter however, because some of these stocks are so cheap, you should be buying them today.

Two of the top TSX dividend stocks that currently yield more than 8% are **Pembina Pipeline Corp** ([TSX:PPL](#))([NYSE:PBA](#)) and **AltaGas Ltd** ([TSX:ALA](#)).

### Energy dividend stock

Pembina Pipeline is an energy infrastructure company that is one of the top TSX dividend stocks you can buy today.

The stock was sold off rapidly to start the month out of nothing but pure fear. Investors who acted quickly and were confident in the company they were buying have already been rewarded.

The stock gained back a lot of its losses during this past week's rally. However as of midday Friday, the stock is down more than 10% again, trading a little over \$25.

At these prices its stable and reliable dividend yields just under 10%. That dividend is expected to payout just 60% of its 2020 adjusted funds from operations (AFFO), so the dividend should remain safe.

Furthermore, less than a fifth of Pembina's business is exposed to commodity prices, so the company should easily be able to weather this storm.

The stock currently trades at just 11 times its trailing earnings, which is extremely cheap for such a high-quality company like Pembina.

Analysts tend to agree. Looking only at those who have reiterated their target prices in the last two weeks, Pembina still has an average target price of \$41.

The combination of capital gains potential and a massive dividend yield combine to make Pembina one of the most attractive dividend stocks on the TSX today.

## Utility dividend stock

AltaGas is another top TSX dividend stock that's still offering an attractive yield. The stock is down nearly 50% from its highs, offering investors a major opportunity to capitalize on this value.

The business has likely been sold off as investors worry about AltaGas' commodity exposure and its sizeable debt load.

Debt was an issue only a few years ago for AltaGas, although management handled that issue relatively well. The company sold off a number of non-core assets to pay down debt and also improved the profitability of its core assets. This improved its debt-to-income ratios considerably.

In addition, the worry surrounding AltaGas' commodity exposure is understandable but a little overblown. Similar to Pembina, less than a fifth of its business is exposed to commodity prices. Furthermore, more than half of its revenue comes from regulated natural gas distribution.

As of midday Friday, the stock was trading around \$12 a share. At that price, its dividend yields a whopping 8%. And the most attractive part, that dividend has an expected 2020 payout ratio of just 80%. In terms of AFFO, that payout ratio is just 32%, so it's highly stable.

At just \$12 a share and an 8% dividend, AltaGas is one of the top dividend stocks on the TSX and is trading at [unbelievably cheap](#) levels.

## Bottom line

For investors who are still looking, there are still plenty of high-quality TSX dividend stocks out there trading undervalued.

Not only will a lot of these stocks offer an attractive yield, but they will also offer considerable capital gains potential. In addition, if the businesses are high-quality, the growth they provide for years could make them one of the best investments you ever make.

## CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:ALA (AltaGas Ltd.)
3. TSX:PPL (Pembina Pipeline Corporation)

## PARTNER-FEEDS

1. Business Insider
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