



2 Reliable TSX Dividend Stocks Yielding at Least 5%

Description

With so many **TSX** stocks trading at discounts, there are plenty of high dividend yields. However, a lot of these dividend yields are high for a reason. This crisis has hurt a lot of businesses, which in turn affects their dividends. Stocks may have to trim their dividend or halt it altogether. As this risk grows naturally, the dividend yields rise too.

These significant dividend yields can be attractive, but for long-term investors, it's much better to have quality.

Plus, when you start to think long-term, you'll realize that these top companies can continue to raise their dividends—thus creating a higher yield on your investment consistently over time.

So in situations like the current environment, to get reliable dividend stocks for this cheap and take advantage of an already attractive yield is a great opportunity.

If we head into a recession as the economy opens back up, reliable dividend stocks will be some of the top performers. But if we continue to rally like we have the last few weeks, you won't be able to get yields this attractive for some time. So buying top TSX dividend stocks now is most prudent.

Consumer staple dividend stock

Consumer staples are top defensive businesses and therefore are some of the most reliable stocks you can buy. **North West Company Inc** ([TSX:NWC](#)), a top consumer staples, is a Dividend Aristocrat, meaning the stock has a long history of maintaining and growing the dividend.

When you look at its business, however, it's easy to confirm what a reliable company North West is. The company mainly serves remote communities in Northern Canada and Alaska.

It isn't just a retailer of essential household items, though. North West also has considerable vertical integration in its business — a strong integration that gives it a logistical advantage over competitors and allows it to be more profitable.

I [mentioned a few weeks ago](#) that I averaged down my position North West and since then, it has rallied. However, the stock is still significantly undervalued at these prices, especially when you consider it's a consumer staple.

At just \$24.50, the stock is down more than 20% from its 52-week highs. Plus, its dividend currently yields 5.4% and paid out less than 80% of earnings over the last 12 months.

North West is one of the most attractive dividend stocks to buy on the TSX today. I'd expect the stock to continue to rally from here. So if you need some defensive exposure in your portfolio, I'd act soon.

Renewable energy stock

Renewable energy generators represent great business with reliable cash flows. Furthermore, the industry is going to be one of the best growth industries going forward.

One of the top dividend stocks in green energy today is **TransAlta Renewables Inc** ([TSX:RNW](#)).

TransAlta Renewables is a well-diversified business with more than [2,500 megawatts](#) of generating capacity. It has operations in Canada, the United States and Australia.

The stock is reliable because of the importance of the services it provides; 95% of RNW's capacity is contracted, and the weighted average length of its contracts is more than 10 years. This gives the company significant stability and relatively predictable cash flow.

Financially, the stock is extremely safe. It has very little debt, which is why its net debt to earnings before interest, taxes, depreciation and amortization (EBITDA) ratio is less than 2.0 times.

Furthermore, it has just over \$150 million of maturities in the next three years. Currently, RNW has nearly three times that in available liquidity.

The company is trading undervalue against its peers and is still roughly 20% off its 52-week high. At current prices, its dividend yields approximately 6.3%. That's an attractive yield and should continue to remain reliable, as the stock only paid out 85% of its adjusted funds from operations in 2019.

The stability of its business, growth potential of its industry, and attractive 6.3% dividend combine to make TransAlta Renewables one of the best TSX dividend stocks to buy today.

Bottom line

It's paramount that investors look for reliability first when looking for TSX dividend stocks, as opposed to a high-yield.

These two companies, first and foremost, are reliable businesses.

On top of that, they offer attractive dividend yields. It's the combination of both factors that make these stocks a buy today.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:NWC (The North West Company Inc.)
2. TSX:RNW (TransAlta Renewables)

PARTNER-FEEDS

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