2 TSX Dividend Stocks Yielding 8.5% or More

Description

TSX dividend stocks are a great way to invest your hard-earned money. Not only can you expect to collect passive income in the form of dividends each month, but you also expose yourself to capital gains, bringing you the potential for massive capital gains.

Dividends compound over time and offer investors significant growth on top of those major capital gains we all look for when buying equities. However, the returns are even better when you can get high-yield dividends.

Although high-yield dividends are attractive, they are usually a signal of higher risk. Investors tend to sell these dividend stocks off when there is more uncertainty around their business economics, which in turn causes the dividend to increase.

If we do our research, however, we can eliminate some of that uncertainty. This will give us a good idea of which stocks have justifiable high-yields and which stocks are undervalued.

Two of those high-yield dividend stocks that are exceptional buys today are **Pembina Pipeline Corp** (TSX:PPL)(NYSE:PBA) and **Corus Entertainment Inc** (TSX:CJR.B).

Energy infrastructure dividend stock

Pembina Pipeline is one of the top midstream energy dividend stocks on the TSX. Pembina is an excellent long-term stock, which is the first prerequisite to an investment.

But the reason it's so attractive today is its major dividend. Amid so much uncertainty and a strong possibility of a recession, dividend stocks are key, especially dividend stocks that can be relied upon.

At current prices, Pembina's dividend yields more than 9% — and management has already reiterated the strength of the dividend earlier in the market crash, when it was yielding a whopping 15%.

Pembina is a Dividend Aristocrat, however, with strong operations that can provide predictable cash flow to underpin the dividend. The company is financially stable and just secured another $800 million credit facility.

These midstream energy stocks are being traded like they are cyclical with commodities, even if they don't have that much exposure.

This makes times like this, with oil trading so cheaply, one of the best opportunities to buy up these high-quality energy infrastructure dividend stocks on the TSX.

At $27 the stock trades at just 10 times its trailing earnings and roughly 50% off its 52-week highs, giving it significant upside value, in addition to the whopping dividend yield that it's paying.

Media dividend stock

Corus Entertainment is a high-yield TSX dividend stock that owns TV and radio assets. The company earns money by charging advertisers to play commercials on its channels or through subscription fees to its specialty channels and online streaming platforms.

In the recent economic environment, investors and analysts have been worried that Corus' advertising revenue will be significantly impacted. Back in 2009, in the last recession, ad spending dropped by 9% for a single year, then gained back what it lost in 2010.

This time, however, although many advertisers have canceled or delayed their ad spending, it should be slightly offset by other stay-at-home businesses and governments increasing their advertising.

Another consideration is that subscriber revenue could be positively impacted as more people are stuck at home. By April 1, Corus audiences across its channels were up nearly 25%.

All this leads me to believe that Corus' stock is extremely undervalued. It currently offers a dividend yield of more than 8.7% and is trading 66% off its 52-week high.

Furthermore, the top TSX dividend stock trades at just 3.2 times its trailing earnings.

Management has said they are monitoring the situation and could cut the dividend if it would help with liquidity, but I think that's unlikely.

Plus, as a long-term investment, there is significant value at these prices. So even if Corus had to temporarily suspend the dividend when things got back to normal, and the dividend was reinstated, it would be a big catalyst for share prices.

Bottom line

These two stocks are some of the most attractive businesses on a risk-to-reward basis.

Anytime you buy a TSX dividend stock with a high dividend, there's going to be some risk. It's about measuring that level of risk against the potential for rewards. Investors who can do this the best are those who will be most rewarded.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:CJR.B (Corus Entertainment Inc.)
3. TSX:PPL (Pembina Pipeline Corporation)

PARTNER-FEEDS

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

Category

1. Dividend Stocks
2. Investing

Date
2025/07/05
Date Created
2020/04/23
Author
danieldacosta