7 Top TSX Stocks With +7% Dividend Yields

Description

Risk is everywhere right now. The markets have been exceptionally turbulent. Real-world casualties are starting to mount up, with names like **HEXO** and **Bombardier** kicked off the **S&P/TSX Composite Index**. HEXO stock had a final kick at the can Thursday, becoming one of only four stocks to remain positive during the 4.1% TSX selloff. But it was too little, too late. Cracks were beginning to show elsewhere, with Bombardier also joining **BlackBerry** in being relegated from the TSX 60 Index.

Investors were eyeing **Roots's** quarterly earnings last week for a health report on Canada's retail sector. And the signs weren't good. Sales almost halved during the pandemic, notwithstanding its switch to an e-commerce model. Throw in **RBC's** warning that the financial strain from COVID-19 is only in the beginning stages for the average Canadian household, and the markets could have a problem with risk.

This is why only the most defensive dividend stocks are worth a punt right now. Let's look at the richest yielding among the top blue-chip names on the TSX.

The top "seven-for-seven" dividend stocks in Canada

Brookfield Property Partners is currently the richest-yielding top-rated dividend stock on the TSX. Its 12.6% yield is quite extraordinary. Furthermore, it's covered by a 74.9% payout ratio. This means that not only is the distribution well covered, but it also allows scope for payment growth. Closely following is **Russel Metals** with a 9.8% yield, and midstreamer **Keyera** with a 9.5% yield. Of these, Keyera has the better coverage at 89%.

Another real estate name, **RioCan REIT** is the next name on the list, with a rich 8.8% dividend yield. Coverage is good, with a low ratio of 57%. This brings the potential for payment growth over time while adding some much-needed peace of mind. Following close on its heels is **Enbridge**, a stock that has fallen out of favour somewhat due to its strong hydrocarbon focus. Still, its 7.8% yield is enticing.

Better value for money, though, is **Power Corporation of Canada**, with a low P/E of 7.6 times earnings. The insurance name matches a 7.7% dividend with a 79% payout ratio. Another insurance name, **Great-West Lifeco**, pays a similar dividend yield of 7.5%. Its payout ratio is even better than Power Corp.'s at 66%, although it falls down on valuation by comparison.

On the face of it, these seven stocks all look very different. But the fact is that all of them have been chewed up by the pandemic. Real estate, metal distribution, and midstreamers have all been impacted by the spread of COVID-19. Manufacturing is down, energy usage is low, oil prices are low, and rent has become a contentious issue all of its own.

Chasing yield right now might not be a smart move. Rocketing yields are a sign of overselling, which itself is a sign that markets are falling out of love with certain sectors. However, there is a way of increasing safety in a portfolio built around rich yields rather than classically defensive stocks. That method is diversification. By avoiding overexposure, investors can feather a portfolio with richer yields at lower capital risk.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. dividend stock
2. Editor's Choice

PARTNER-FEEDS

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

Category

1. Dividend Stocks
2. Investing

Tags

1. dividend stock
2. Editor's Choice

Date
2025/08/16
Date Created
2020/06/17
Author
vhetherington