



5 Top TSX Dividend Stocks Yielding 5% or More

Description

With interest rates at historical lows, investors must look to **TSX** dividend stocks to supplement their income. Fortunately, there are still some great bargains and opportunities to lock-in high than average yields today!

Here are five top TSX stocks that trade with dividends yielding 5% or more. While they all pay safe, reliable dividends, many also have significant growth catalysts over the long term.

Renewable energy

The first TSX dividend stock that's a play on the renewables is **TransAlta Renewables**. It owns and operates wind, natural gas, hydro and solar power assets across Canada, the U.S., and Australia.

It is one of the cheapest and lowest-levered TSX renewable stocks. Later this year it will likely acquire some drop-down acquisitions from **TransAlta Corp**, which could accrete a nice boost to cash flows. Today, it pays a great 6.6% dividend.

This TSX dividend stock is consolidating its sector

Another TSX dividend stock that is now seeing some nice price momentum is **Superior Plus** (TSX:SPU). Superior Plus is one of North America's largest distributors of propane and specialty chemicals. Superior has steadily and quietly been consolidating propane operations across North America. The pandemic crisis has opened up some attractive acquisition opportunities to further consolidate.

Previously, [I discussed why Superior is a great buy](#), and I still believe it is an attractive opportunity. Today, it pays a 6.35% dividend well covered by cash flows.

Brookfield Asset Management recently came in with a nice US\$260 million investment in Superior. This will help it reduce leverage and still deploy capital into its acquisition targets.

Utility-like income, massive organic growth

Another energy-focused stock that pays a 6% dividend is **AltaGas** ([TSX:ALA](#)). In the past AltaGas has been known as a bit of an income trap. However, today it is a totally transformed company. Over the past few years, it has divested non-core operations, reduced debt, and focused on higher margin, higher growth businesses.

It currently has a U.S. natural gas utility operation and a Canadian midstream gas business; 85% of its earnings are contracted or regulated with strong investment-grade counter parties.

It is investing close to \$1 billion into asset improvements that should accrete an earnings compound average annual growth rate of least 8% to 10% for the next five years. This should fuel both dividend growth and share appreciation for many years ahead. While there is certainly value in this stock, it's not a trap anymore. Now is a great time to buy into this quality stock.

Invest in the 5G expansion

A fourth very safe TSX dividend stock is **BCE**. This is a very stable stock and a nice one to hold in volatile markets. BCE pays a 5.8% dividend. Recently, it was the first Canadian telecom to announce its 5G capacity in Canada's largest cities. Given its high-quality infrastructure, its scale across Canada and the start of the 5G wave, it is a good stock to keep for steady, safe income.

TSX bank stocks have attractive value

Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#)) is another TSX dividend stock investors should consider. It is one of Canada's largest, best capitalized, and most diversified banks. While there are some [obvious concerns](#) for TD in this distressed, low interest rate environment, it still could grow this year.

It already has a strong position in Canada, but it also has a dominant position on the U.S. east coast. The U.S. banking sector is still very segmented and there may be real opportunities now to further consolidate and expand TD's geographic footprint.

Similarly, the merger between **TD Ameritrade** and **Charles Schwab** could be another opportunity for TD to unlock accretive synergies and returns this year.

Right now, the stock is historically cheap and it trades with a 5.2% dividend. For a long-term hold, now is a great time to buy this high quality income stock.

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2. TSX:ALA (AltaGas Ltd.)
3. TSX:SPB (Superior Plus Corp.)
4. TSX:TD (The Toronto-Dominion Bank)

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