3 Top TSX Dividend Stocks to Buy in September 2020

Description

When the markets are volatile and range bound, investors would like to have a semblance of certainty. One way to ensure it is by investing in stocks that pay monthly dividends. These income stocks generate regular and stable cash flows that allow them to maintain a monthly payout.

Let's take a look at three such stocks on the TSX.

A healthcare REIT

Northwest Healthcare REIT (TSX:NWH.UN) stock is trading at $11.56, which means it has a forward yield of 6.9%. While most commercial REITs are trading significantly below their 52-week highs, Northwest Healthcare has recovered losses and gained momentum compared to the sell-off experienced in March 2020.

Northwest Healthcare provides unitholders access to quality real estate in seven countries. It aims to grow via acquisitions, and its diversified asset base reduces investor risk significantly. As a healthcare REIT, the company is well poised to generate stable cash flows across economic cycles.

In Q1, 100% of the REITs buildings were open, and it collected 85% of rent due. In Q2, its net operating income remained stable at $69.9 million. The company said, "The defensive nature of the REIT's healthcare real estate portfolio that is 97.3% occupied with more than 80% of the revenues provided directly or indirectly by public healthcare funding, has resulted in the REIT's operating results and portfolio valuations not being significantly impacted by COVID?19."

An energy heavyweight

The second stock on the list is Canada's energy infrastructure company **Pembina Pipeline** (TSX:PPL)(NYSE:PBA). Pembina has a market cap of $17.6 billion and an enterprise value of $24.3 billion. The company generates a majority of revenue from fee-based contracts, making it largely immune to commodity prices.

However, Pembina Pipeline is still exposed to volume risks, and the stock has declined 40% from its 52-week high. This massive pullback has meant Pembina has a forward dividend yield of a tasty 7.9%.

Pembina's sales in the first six months fell 22% year over year to $2.9 billion. However, its total volume was up 2% at $3.4 billion. The company's stable volumes help it maintain cash flows, making Pembina a resilient business across commodities.

Pembina has paid dividends since 1997 and remains a top income stock for the upcoming decade. In the last five years, it has increased dividends at an annual rate of 6.5% and has increased dividends for eight consecutive years.

A diversified Canadian company

Shares of **Exchange Income** are trading 30% below its 52-week high and provides a forward yield of 7.1%. EIF is a diversified company and should be on the radar of most dividend investors. It owns and operates several diversified companies primarily across the aviation and manufacturing verticals.

While it has significant exposure to the beaten-down airline sector, EIF provides essential services that continue to generate predictable cash flows.

The Foolish takeaway

If you distribute $75,000 equally in the three stocks, you can generate close to $5,500 in annual dividend payments. Similar to other equity investments, these stocks also carry certain risks, especially if the pandemic worsens and the markets crash once again.

However, it will then provide another opportunity to identify cheap dividend stocks for your income portfolio.

CATEGORY

1. Dividend Stocks
2. Investing

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1. Editor's Choice

TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:EIF (Exchange Income Corporation)

3. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
4. TSX:PPL (Pembina Pipeline Corporation)

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araghunath