



Got \$3,000? Buy These 3 TSX Stocks with Above 7% Dividend Yield

Description

Although the Canadian equity markets have made a strong recovery from their March lows, few companies continue to be impacted by the disruptions caused by COVID-19. However, the decline in their stock prices has made their dividend yield attractive. So, investors with a long-term horizon can buy these three **TSX** stocks with limited downside risks and dividend yield higher than 7%.

Canadian Natural Resources

Canadian Natural Resources ([TSX:CNQ](#))([NYSE:CNQ](#)) has lost close to 49% of its stock value this year. The weak oil prices have weighed heavily on its stock price and its financials. In its June ending quarter, its revenue had declined by 48.3% to \$2.87 billion. It also had reported net losses of \$310 million compared to net profits of \$2.83 billion in the previous year's quarter.

Amid the weak oil prices, Canadian Natural Resources had voluntarily curtailed its production volumes. However, with the improvement in oil prices, it restored its production to earlier levels in June. Further, the company's management had stated that the company could breakeven at oil prices trading at US\$31 per barrel on West Texas Intermediate (WTI).

So, with oil prices trading well above that level, we can expect the company to report much better numbers when it reports its third-quarter result on November 5.

Despite the unfavourable macro-environment, the company [raised its dividends](#) in March by 13.3% to \$0.425 per share. The company has hiked its dividends for the past 20 consecutive years at a compound annual growth rate (CAGR) of 20.4%. Amid the decline in its stock price, Canadian Natural Resources' dividend yield has increased to an attractive 7.9%. With its liquidity standing at \$4.1 billion at the end of the second quarter, I believe the company's dividends are safe.

Pembina Pipeline

Amid the weakness in the energy sector, **Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)) has lost over 42%

of its stock value. In its second quarter, the company's revenue and EPS had declined by 30% and 68%, respectively. Despite its weak financials, the company generated \$642 million of cash flows from its operating activities, thanks to its risk-free (take-or-pay, cost-of-service, and fee-for-service) businesses that are immune to commodity prices.

Further, the company is working on increasing the EBITDA contribution from the fee-based contracts to over 90% this year from 85% in the previous year. With cash and unused debt facilities of \$3 billion, its liquidity position looks strong. So, I believe the company's dividends are safe.

[Pembina Pipeline pays monthly dividends](#). It has declared dividends of \$0.21 per share for October, while its dividend yield currently stands at an attractive 9.1%. Amid the uncertain energy outlook, Pembina Pipeline has announced not to increase its dividends for this year.

Brookfield Property Partners

The ongoing pandemic has weighed heavily on the financials of **Brookfield Property Partners** ([TSX:BPY.UN](#))(NASDAQ:BPY) and its stock price. In its second quarter, the company's funds from operations had declined by over 45% to US\$178 million. The company's management had blamed the closure of its hospitality and retail assets amid the pandemic-infused shutdown for the decline.

However, with economic activities beginning to improve after the lockdown, I expect Brookfield Property Partners's financials to improve in the second half. Meanwhile, we will get a clear picture when the company reports its third-quarter earnings on November 6.

The decline in the company's stock price has increased its dividend yield and lowered its valuation multiple. Its dividend yield currently stands at a juicy 9.5%, while its forward price-to-earnings multiple stands at an attractive 4.6.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:CNQ (Canadian Natural Resources)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. TSX:BPY.UN (Brookfield Property Partners)
4. TSX:CNQ (Canadian Natural Resources Limited)
5. TSX:PPL (Pembina Pipeline Corporation)

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