3 Top TSX Stocks With Dividend Yields of up to 8.5%

Description

After several months of uncertainty, investors would like to purchase assets that generate reliable returns. Dividend stocks are investments that can help you generate a regular stream of passive income. So, if you are looking out for income-producing companies that have an attractive dividend yield consider these three stocks on the TSX.

A pipeline heavyweight

The first stock on the list is Canadian energy company **Pembina Pipeline** (TSX:PPL)(NYSE:PBA). It provides transportation and midstream services to energy producers. Pembina has a market cap of $17 billion, and the stock is trading at $30.81, which is 43% below its 52-week high.

This massive decline in its stock price has increased Pembina's dividend yield to a tasty 8.5%. The company pays a monthly dividend, as it generates stable cash flows across economic cycles.

Pembina transports crude oil and natural gas across North America and over 85% of its EBITDA are backed by long-term contracts, making it almost immune to commodity prices. It has an integrated business model that has helped it generate consistent earnings. In the last five years, Pembina's earnings growth was a healthy 35% on an annual basis.

Pembina expects EBITDA between $3.25 billion and $3.30 billion in 2020, which indicates a dividend cut is highly unlikely.

Pizza Pizza Royalty has a yield of 7.4%

The COVID-19 pandemic decimated stocks in the restaurant industry, and shares of **Pizza Pizza Royalty** (TSX:PZA) fell to a multi-year low of $5.26. In the last seven months, the stock has gained over 70% and it still sports a healthy dividend yield of 7.4%.

Pizza Pizza owns and operates 73 restaurants, and in the last few months, it has invested heavily to build its delivery and pick-up infrastructure as well as strengthen its digital presence.

In Q3, Pizza Pizza's revenue was down 9.4% at $125.4 million due to tepid growth in same-store sales and a lower restaurant count. Its adjusted earnings also fell 10.4% in Q3. Its working capital reserve soared by $1.3 million to $4.6 million at the end of the September quarter.

However, Pizza Pizza's management increased its monthly dividends by 10% to $0.055 per share, indicating an annualized payout of $0.66 per share.

A small-cap REIT

The final stock on the list is **Automotive Properties REIT** (TSX:APR.UN), a company that owns automotive dealership properties in urban areas. In 2019, the Canadian automotive retail industry generated sales of $165 billion and accounted for 27% of the country's total retail sales. Automotive Properties claims Canada's automotive sales rose at a CAGR of 6.2% between 2014 and 2020.

The REIT has a portfolio of 64 income-producing properties with a gross leasable area of 2.4 million square feet. It said, "The fragmented nature of the Canadian automotive dealership industry is expected to provide the REIT with a significant pipeline of acquisition opportunities in the future."

Automotive Properties pays a monthly cash distribution of $0.067 per unit, indicating a payout of $0.80 per unit on an annualized basis. The stock has a forward yield of 7.4%, and with a payout ratio of 72%, its dividend payments remain safe.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:APR.UN (Automotive Properties Real Estate Investment Trust)
3. TSX:PPL (Pembina Pipeline Corporation)
4. TSX:PZA (Pizza Pizza Royalty Corp.)

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