



3 Top TSX Stocks with Yields of 4% or More!

Description

The **TSX** has a number of great options to consider right now. That said, picking great dividend-paying companies can be difficult.

Some stocks have unsustainable yields. Others are operating in sectors that pay high yields but are historically poor performers when it comes to capital appreciation. Still others represent value traps or undue risk at these levels.

I've highlighted three of my top picks for dividend investors looking for yields in excess of 4%. These are stocks with dividends I view as sustainable, with the potential for growth. These are also extremely safe long-term picks with a defensive orientation.

Royal Bank

Widely considered to be the safest bank on the TSX, **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) is a top pick of mine in this high-yield portfolio. This stock has a dividend yield of 4% right now, a reflection of this bank's safety relative to its peers. I think Royal Bank deserves this premium, and would recommend investors seeking dividend safety and growth to gravitate toward this stock.

For the longest time, Royal Bank was the largest company in Canada by market capitalization until usurped by **Shopify** recently. I think the stage is being set for a rotation from growth to value in 2021 given where valuations are right now. Stocks like Royal Bank are cheap relative to historical levels. Additionally, this is one of the safest stocks with a dividend yield in excess of 4%. This high-income, safety, and value profile is very attractive in this current environment.

Manulife

Manulife Financial Corp. ([TSX:MFC](#))([NYSE:MFC](#)) currently has a dividend yield of 4.6%. This yield is supported by extremely [strong fundamentals](#). I think Manulife is an unloved stock that could get a lot more love once investors see the light at the end of this tunnel with respect to the pandemic. Low

interest rates have hurt the outlook for Manulife's investment returns.

That said, I think there are a number of growth drivers for this company outside of North America that could smooth out short-term returns. Asia, in particular, is a key market I think is not getting enough attention from investors right now. Geographic diversification matters, and Manulife gets an A in this regard.

The company's current operating metrics are some of the best in class. Indeed, a double-digit return on equity and a valuation of only three times cash flow deserves consideration from any income or value investor right now.

Enbridge

The stock with the highest dividend yield on my top picks list is **Enbridge Inc** ([TSX:ENB](#))([NYSE:ENB](#)). A yield of 7.5% is hefty, though I think this is a company that has the ability to sustain this dividend moving forward. Additionally, I think cash flow growth stemming from projects in the pipeline (had to do it) is likely to support future dividend increases over time.

Enbridge's existing energy transportation assets, as well as its expansion projects, are undervalued (in my view) right now. I don't think the market is appreciating the value these long-life assets have. I think pipelines are the railroads of the energy sector. Enbridge is a company with some of the best fundamentals of its peers, and a track record of dividend outperformance I think warrants investigation from income investors.

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TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:MFC (Manulife Financial Corporation)
3. NYSE:RY (Royal Bank of Canada)
4. TSX:ENB (Enbridge Inc.)
5. TSX:MFC (Manulife Financial Corporation)
6. TSX:RY (Royal Bank of Canada)

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