



Income-Seeking Investors: 3 Top-Yielding TSX Stocks to Buy in April

Description

When markets turn rough, investors take shelter in dividend-paying stocks to protect capital and to generate passive income. These stocks, thus, outperform in market downturns and make for classic defensive picks for long-term portfolios. Here are three such TSX stocks that offer stable dividends and decent total return prospects.

TC Energy

Very few energy companies stayed strong in the pandemic crash last year. **TC Energy** ([TSX:TRP](#)) ([NYSE:TRP](#)) was one of them. It kept on increasing its shareholder payouts last year, taking its dividend increase streak to 21 straight years. TC Energy stock yields 6% at the moment, remarkably higher than TSX stocks at large.

TC Energy's cash flow stability enables stable dividends. Volatile crude oil prices have a relatively minimal impact on its earnings as it operates on long-term, fixed-fee contracts.

The company intends to increase its dividends by around 6% per year for the next few years. I think its low-risk operations and scale should continue to deliver resilient cash flows, ultimately driving shareholder payouts.

TRP stock has been a laggard against broader markets since last year, mainly due to energy markets' uncertain outlook. However, TRP has the potential to generate decent total returns in the long term, driven by its stable dividends and earnings.

Canadian Utilities

One of the top utility stocks on the TSX, **Canadian Utilities** ([TSX:CU](#)) is my second pick for a defensive portfolio. It yields 5.3% at the moment, higher than peer utility stocks. With 49 years of [consecutive dividend increases](#), CU has the longest payout growth streak in Canada.

Just like TC Energy, utilities like Canadian Utilities have stable earnings, which facilitates stable dividends. CU makes a large portion of its earnings from regulated operations.

Investors generally focus too much on growth and ignore stability. And that's why utility stocks are some of the underrated investments. Utility stocks are less volatile and have a low correlation with broad market indices. Thus, they usually outperform in volatile markets. Top utility stock Canadian Utilities has notably outperformed broader markets in the very long term.

Bank of Nova Scotia

Scotiabank ([TSX:BNS](#))([NYSE:BNS](#)) is one attractive stock for post-pandemic recovery. It is already trading close to its two-year highs. However, the stock could soar even higher in the post-pandemic world based on its diversified geographical presence and credit quality.

Scotiabank was among the laggards last year mainly due to its presence in Latin America. However, that could be a growth engine for the bank once economies re-open. For the fiscal first quarter of 2021, the bank [reported](#) decent revenue and profit growth.

What could be a relief for investors is its lower provisions for credit losses. It set aside almost \$764 million for loans that could go bad in Q1 against \$1.1 billion in the prior quarter. Investors should note that BNS's provisions are still higher compared to peers, as Latin American countries were more vulnerable amid the pandemic.

BNS stock currently yields 4.5%, higher than the industry average. It has a long dividend payment history that stands tall among peers. Notably, Canadian banks will likely be allowed to raise their dividends once again, maybe in the second half of 2021.

If you are a long-term investor, BNS could be an attractive bet due to its consistently growing dividends and decent capital gain prospects.

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1. Bank Stocks
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TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:TRP (Tc Energy)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:CU (Canadian Utilities Limited)
5. TSX:TRP (TC Energy Corporation)

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