3 TSX Dividend Stocks That Pay Buckets of Income

Description

If you're looking for quality dividend stocks, the TSX is the place to find them. In U.S. markets, there's not a lot of yield on offer these days, as scorching-hot returns have suppressed yield. This is not so with Canadian markets. Because the TSX's returns haven't been as strong as the S&P 500's over the past decade, its yield is much higher. The index as a whole yields about 2.5% and is home to plenty of stocks that yield more than 4%. If you just wanted a "decent" yield that kept you ahead of CPI inflation, then a TSX index fund might do the trick. But if you're looking for true blockbuster yield, then read on. In this article, I'm going to explore three stocks that yield more than 4%. We can start with one that clocks in at an impressive 4.67%.

AltaGas

AltaGas (TSX:ALA) is a natural gas company involved in midstream and utilities. It transports natural gas products and provides natural gas utilities directly to consumers. In its most recent quarter, it had $1.68 billion in revenue (up from $1.53 billion) and $0.17 in EPS (up from a $0.37 loss). These solid results help AltaGas pay its $0.833 monthly dividend, which works out to about $1 per year, giving the stock a 4.67% yield.

Northwest Healthcare Properties

Northwest Healthcare Properties REIT (TSX:NWH.UN) is a healthcare office REIT. It mainly rents out space to health clinics and hospitals. It has a diversified portfolio of healthcare properties across Canada and Europe. In general, REITs had a tough time in the COVID-19 pandemic, with both retailers and residential tenants unable to pay rent. Northwest made out better than most, because of its focus on healthcare. In both Canada and Europe, healthcare is paid for by the government. Physicians may work in private practice, but the government pays their bills. As a result, Canadian healthcare providers have high revenue stability, backed by government funds. It showed in the company's 2020 results. That year, the company had high occupancy rates, a 97% collection rate, and modestly positive revenue growth. Overall, it was a solid year for NWH — especially compared to other

REITs. As of today's prices, NWH.UN yields 6%.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is the highest-yielding stock on this list. With a 7.2% yield, it's among the highest yielders in Canada. Often, when you see yields *that* high, you tend to become skeptical. A yield that's approaching double digits can sometimes indicate that a company is paying out too much money in dividends or has negative sentiment in the markets.

In Enbridge's case, that's not so. The stock's dividends as a percentage of distributable cash flow are just 70%. That's a pretty modest payout ratio. True, the payout ratio based on net income is higher, but cash flow is ultimately the best indication of a company's ability to pay dividends. All throughout 2020, Enbridge produced positive cash from operations — a rare feat for an energy company in the COVID-19 era.

One risk you do need to be aware of when it comes to Enbridge is the pipeline drama in Michigan. The state's governor is currently trying to shut down a pipeline that ships about 18% of all the oil Enbridge ships. It's a scary situation, but ENB's management is confident it will prevail.

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1. Dividend Stocks
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3. TSX:ENB (Enbridge Inc.)
4. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

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