



## The Safest High-Yielding Dividend Stocks on the TSX Right Now

### Description

The **S&P/TSX Composite Index** has a plentiful array of [great dividend stocks](#). Canadian investors love their predictable dividend income streams! Who can blame them? When GICs are earning a negative yield after inflation, who doesn't enjoy tax-efficient monthly or quarterly dividend cheques?

Yet yields on the TSX are compressing. Global investors are starting to warm up to Canada's cash-yielding energy, financial, materials, and real estate sectors. Many bond investors have no choice but to look to higher-yielding, risk-on equity assets.

As a result, I believe Canada's top dividend stocks will continue to rise in value and their yields will compress. If you want to lock in some of the highest and safest dividends on the TSX today, here are three stocks that look attractive today.

### Pembina Pipeline: A top TSX pipeline stock

You could say **Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)) is in the right place at the right time. This TSX stock operates Canada's third-largest pipeline network and a broad range of energy midstream and infrastructure assets. With a yield of 6.2%, next to **Enbridge**, it has one of the highest dividends among the top **TSX 60**.

While this company was punished during the pandemic, it never dropped its dividend, like many commentators expected. In fact, in 2020, Pembina still earned recorded adjusted EBITDA and reached pre-pandemic guidance metrics.

94% of Pembina's cash flows are supported by fee-based contracts, of which 77% are take or pay. This TSX stock has a 72% payout ratio, meaning its dividend is very well covered.

In 2021, Pembina is going to massively benefit from strong energy pricing and higher energy volumes through its transportation systems. Likewise, it has further growth catalysts through a large development pipeline and a number of interesting acquisitions ([like Inter Pipeline](#), potentially the Trans Mountain pipeline, and LNG projects in British Columbia).

## **BCE: A TSX telecom stock with steady upside**

**BCE** ([TSX:BCE](#))([NYSE:BCE](#)) pays out the highest dividend among its telecom peers. It has an attractive 5.77% dividend right now. While this TSX stock has somewhat lagged its peers, it could be heading for a turnaround.

With COVID-19 restrictions waning, Canada is starting to reopen. That means BCE's sports, media, and entertainment assets should enjoy a rebound and meaningfully contribute to earnings again. Not to forget, BCE owns Canada's largest cellular and broadband network. Consequently, it has a strong advantage in aggressively rolling out 5G services.

Since 2008, BCE has grown its dividend by 140%! It increased its dividend by 5% last year. This TSX stock targets a very safe annual payout of 65-75% of free cash flow. As it steadily grows its business, investors should continue to enjoy dividend growth at around a factor of two times inflation.

## **Northwest Healthcare Properties REIT**

The last high-yielding TSX stock is **Northwest Healthcare Properties REIT** ([TSX:NWH.UN](#)). Today, it pays a cushy 6.2% distribution. It is one of the largest owners of healthcare properties (like medical centres and hospital buildings) in the world. Its portfolio of properties are incredibly stable cash generators. It has 97% occupancy, and its weighted average lease term is 14 years. Likewise, over 70% of its leases have inflation-indexed rents.

The REIT's distribution has a fairly high 97% adjusted funds from operation payout ratio. However, this stock is working to roll out a growing joint venture and asset management business. That should enable it accrete some decent cash flow growth over the remainder of 2021 and beyond.

In addition, the REIT has an attractive pipeline of development projects and acquisition opportunities. Enjoy a nice steady distribution, while this REIT continues to expand its global healthcare-focused real estate empire.

### **CATEGORY**

1. Dividend Stocks
2. Investing

### **POST TAG**

1. Editor's Choice

### **TICKERS GLOBAL**

1. NYSE:BCE (BCE Inc.)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. TSX:BCE (BCE Inc.)
4. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
5. TSX:PPL (Pembina Pipeline Corporation)

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