Passive Income: 3 TSX Stocks With Monster Yields

Description

If you’re looking for high yield, the TSX is the place to be. While American income investors bemoan the lack of yield in their country’s equities, Canadian markets still offer yield aplenty. To an extent, this is because Canadian markets haven’t delivered returns comparable to American markets over the past decade. Still, there are plenty of high-yield Canadian stocks that have decent growth prospects and solid long-term track records. In this article, I’ll explore three such stocks with truly sumptuous yields.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is one of Canada’s biggest energy companies. It’s a pipeline company that also operates as a natural gas utility. It has a truly phenomenal 6.73% yield, and the payout appears to be safe — at least based on cash flow. Going by distributable cash flow (DCF), Enbridge has a payout ratio of about 70%. The payout ratio based on net income is higher, but cash flow better represents dividend-paying ability than earnings do, as it doesn’t factor in non-cash charges/gains.

Enbridge’s first quarter earnings were pretty solid. The company reported the following:

- $1.9 billion in earnings (up from a $1.4 billion loss).
- $1.6 billion in adjusted earnings.
- $2.6 billion in cash from operating activities.

Those are all pretty solid results. They speak to a company that can not only pay but perhaps increase its truly massive dividend.

CIBC

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM) is a Canadian bank stock with a 4.14% yield. All Canadian banks have relatively high yields, but CIBC is one of the highest yielding of the bunch. For honesty’s sake, I should say that there’s a reason for that. CIBC, as a very domesticmarket-oriented bank, doesn’t have the growth potential that, say, **TD Bank** does. But it is a stable company that should at least be able to continue paying its dividend for the foreseeable future. Just don’t expect the kind of dividend growth that you might get with something like TD.

Northwest Healthcare Properties

Northwest Healthcare Properties REIT (TSX:NWH.UN) is a Canadian REIT with a 6.3% yield. Like all REITs, it generates stable consistent income from rentals. NWH.UN rents to healthcare providers in Canada and Europe, which provides unusual revenue stability. Healthcare in Canada and the E.U. is largely government-funded, giving health clinics in these regions an unparalleled ability to pay. That fact is confirmed by NWH.UN’s recent earnings. In the first quarter, NWH.UN reported the following:

- Cash collection: 98.6%.
- AFFO: $0.21 (up 0.5%).
- AFFO payout ratio: 70%.
- 97% portfolio occupancy (98.5% in Europe).

Overall, these were pretty strong results. Obviously, they aren’t an explosive geyser of growth or anything like that, but they’re adequate for NWH.UN to keep paying its dividend. If you’re an income investor, then NWH.UN’s 6.3% yield might be reason enough to buy it. A $100,000 position in a stock with a 6.3% yield pays about $6,300 a year. If you’re retired and just looking for steady income, that cash payout alone may be worth the investment. Just don’t expect massive growth here — a healthcare REIT like NWH.UN is more about the stable income; it’s not expected to grow like wildfire.

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3. TSX:CM (Canadian Imperial Bank of Commerce)
4. TSX:ENB (Enbridge Inc.)
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