3 Top TSX Stocks With Yields Above 5%

Description

What do you care about most when it comes to dividend stocks? Yield is an important variable, but there are other factors you have to consider as well, including what else the stock is bringing to your portfolio: Diversification, capital appreciation, the safety of dividends, the potential of dividend growth, etc. A holistic view of your options might help you make a more potent choice for your dividend portfolio.

And if you have a set threshold for the yield, which you've decided upon to meet your passive-income goals, it might help you narrow down the list of potential candidates for your dividend portfolio. And if that threshold is set at 5% and you are looking for well-established companies, there are three stocks you might want to consider.

A wealth and asset management company

IGM Financial (TSX:IGM) is a Winnipeg-based wealth and asset management company with a market capitalization of $10.3 billion. The company has been around since 1978 and has about a quarter of a trillion ($248.5 billion) worth of assets under management. The company helps about two million clients and invests its money in markets around the globe.

IGM is currently offering a juicy yield of 5.1% at a very stable payout ratio of 66.5%. If the company can maintain its five-year CAGR of 10.4% for the next two or three decades, the capital appreciation might be much more impactful for the growth of your portfolio than the dividends themselves. The company is also currently quite fairly valued, making it a bargain at its current valuation.

An aviation service and equipment company

Exchange Income Fund (TSX:EIF) stock still hasn't fully recovered to its pre-crash valuation. The stock had built a pretty decent recovery momentum in later 2020 and early 2021, but the valuation has been pretty static since Feb 2021. The result is that you can buy this company at an 11% discount from its pre-pandemic valuation and another happy consequence is the 5.6% yield.

The company is still holding on to its title of an aristocrat and will hold it if it grows its payouts in 2021. The core benefit of investing in a Dividend Aristocrat is that even if it's relatively small, you will see your dividends from the company grow at a steady pace. The payout ratio is quite high, and understandably so, but the company might financially recover as soon as the aviation sector is on its feet again.

A sweet high-yield stock

If a 5% yield is not cutting it for you, it might be a good idea to add some **Rogers Sugar** (TSX:RSI) into an otherwise "bitter" portfolio. The company is currently offering a mouthwatering yield of 6.2% at a stable payout ratio of 87.8%. The company is the largest processed sugar company in the country and the largest maple syrup producer in the world.

In 2020, sugar products made up 73% of the revenue, and the rest came from maple products. The bulk of the target market is local, but the company does have a sizeable international presence, especially in the United States. As a market leader, the company's revenues are only likely to go down substantially if a significant population of Canadians stops using processed sugar. And even that might not tie the noose for the company since a substantial portion of its revenue is generated from industrial clients.

Foolish takeaway

The three companies are well-established within their market segments, with several years in business and a well-diversified portfolio of products and services. The security of their financials is tied to their business models, and the safety of the dividends is tied to their financials. It's a strong enough chain for the foreseeable future.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:EIF (Exchange Income Corporation)
2. TSX:IGM (IGM Financial Inc.)
3. TSX:RSI (Rogers Sugar Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn

4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date
2025/08/27
Date Created
2021/07/23
Author
adamothman