



2 Best Dividend Stocks With Yields Above 5%

Description

[Dividend stocks](#) are topics of discussion, too, in the Reddit thread. It shows that some retail traders are interested in earning recurring [income streams](#), not only capital gains from meme stocks. Their focus is on 10 high-yield stocks recommended by Gordon Pape, the editor and publisher of the Internet Wealth Builder. Four names are established dividend payers in the energy sector.

Besides **Enbridge**, **Pembina Pipeline**, and **Keyera**, **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)) is tops on Pape's list. **Anglo Pacific Group** is the only royalty company, although the more prominent **Freehold Royalties** ([TSX:FRU](#)), not part of the list, should be a better buy.

Income investors should find the combination of TC Energy and Freehold Royalties attractive because the average yield is a fantastic 5.57%. There are risks involved but not as volatile as meme stocks since dividends serve as financial cushions should the stock prices drop.

Industry goliath

TC Energy investors enjoy a 21.34% gain as the energy stock benefits from rising oil prices and demand in 2021. At \$61.02 per share, the \$59.74 billion energy infrastructure company pays an over-the-top 5.7% dividend. A \$20,000 investment will produce \$1,140 in [passive income](#).

The 70-year-old company is a goliath in North America's oil & midstream industry. TC Energy's business segments include Canadian Natural Gas Pipelines, U.S. Natural Gas Pipelines, Mexico Natural Gas Pipelines, Liquids Pipelines, and Power & Storage.

TC Energy incurred a \$1.1 billion net loss in Q1 2021 (quarter ended March 31, 2021) due to the asset impairment charge on the Keystone XL Pipeline suspension. However, its President & CEO, François Poirier, said that notwithstanding the tax-impairment charge, TC Energy is well-positioned to deliver sustainable, high-quality growth in the years ahead.

Poirier adds that TC Energy will advance its \$20 billion secured capital program in 2021. Since the business models are regulated and supported by long-term service contracts, earnings and cash flows

are visible. Management believes the capital projects will enable TC Energy to raise dividends by 8% to 10% this year and 5% to 7% annually in the ensuing years.

Oil & gas royalty titan

Freehold Royalties has a market cap of \$1.16 billion compared to Anglo Pacific's \$555.05 million. At \$8.79 per share, the dividend offer is 5.44%. Moreover, the royalty stock's year-to-date gain is an incredible 72.61%. Market analysts also see a potential upside of 39.4% to \$12.25 in the next 12 months.

The more than 6.7 million gross acres of land holdings make Freehold the largest oil and gas royalty company in Canada. It creates shareholder value by pursuing oil and gas development in the properties through lease-out programs. Management acquires high-quality assets with acceptable risk profiles and long economic life only.

With the energy sector on the road to recovery, Freehold's revenue in Q1 2021 (three months ended March 31, 2021) soared 40% to \$36.74 million versus Q1 2020. The quarter's highlight was the \$5.63 million net income compared to the \$9.02 million net loss in the same period last year.

Freehold is confident that it will meet its 2021 production guidance, between 10,500 and 11,000 barrels of oil equivalent per day (boe/d). The recent royalty acquisitions in the U.S. should contribute an additional 1,335 boe/d to the average production this year.

Less volatile

Reddit traders are better off investing in the **Toronto Stock Exchange's** best dividend stocks. They are less volatile than meme stocks and produce recurring income streams.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
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2. TSX:FRU (Freehold Royalties Ltd.)
3. TSX:TRP (TC Energy Corporation)

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