Have You Heard About These 3 Dividend Stocks?

Description

Value or growth stocks that could deliver superior returns in a relatively shorter holding period are in abundance on the **TSX** in 2021. Great dividend stocks are also available to investors chasing after recurring cash flows at regular intervals, usually every quarter.

If dividend investing is your preference, you might not have heard of **Nexus** (TSX:NXR.UN), **Exchange Income** (TSX:EIF), and **Keg Royalties Income Fund** (TSX:KEG.UN). The names are obscure, but all three are excellent dividend plays. You can boost your investment income because the dividend yields are more than 5.5%.

Trading liquidity

Nexus is a relatively new player on the TSX, although the real estate stock came from the TSX Venture Exchange. The $372.32 million growth-oriented real estate investment trust (REIT) pays a super-high 5.81% dividend. The stock trades at $11.04 per share or a 36.3% gain since its TSX debut in early February 2021.

According to Nexus CEO Kelly Hanczyk, the REIT's graduation to the TSX forms part of management's strategy to increase exposure to investors and improve trading liquidity. The timing is perfect because industrial REITs are the hottest items in the sector.

Nexus owns and operates 89 income-producing properties, with 54 or 60% are industrial properties. Retail (22) and office (11) properties round up the rest. Since 68% of net operating income (NOI) comes from the industrial portfolio, Nexus generates stable cash flows.

This REIT's competitive advantages are long-term leases and embedded rent escalations. The majority of the industrial properties are in high-demand industrial hubs across the country.

Diversification is the core strength

Exchange Income operates in the airline industry but unlike **Air Canada**, the business of this $1.55 billion company is highly diversified. Aerospace & Aviation and Manufacturing are the operating segments. At $41 per share, the industrial stock offers a generous 5.56% dividend.

In Q1 2021, management reported net earnings of $7.1 million compared to the $5.3 million net loss in Q1 2020. Notably, free cash flow increased 49.26% to $68.3 million. Management believes that Exchange Income's diversification will enable it to manage the current state of the pandemic.

Massive headwinds

Keg Royalties is a $167.12 million unincorporated open-ended limited purpose trust. It holds the trademarks, trade names, operating procedures & systems, and other intellectual property used in the operations of casual dining steakhouse restaurants.

Currently, 106 Keg restaurants compose the royalty pool. However, royalty pool sales continue to reel for the pandemic's impact. In Q1 2021, they dropped nearly 52% from $142.6 million in Q1 2020. Keg Restaurants CEO David Aisenstat admits the disappointing sales were due to restrictions on full-service dining.

Management, however, believes recovery for restaurants in Canada and the U.S. will be swift and strong due to the pent-up demand. People want to get back out in the real world, they say. Meanwhile, the income fund has adequate financial resources to weather the headwinds. Keg trades at $14.72 per share at writing and pays a hefty 5.71% dividend.

Noteworthy investments

The three dividend stocks fly under the radar but are not mediocre performers. As mentioned above, Nexus was well received by investors since graduating to the main stage. Investors in Exchange Income and Keg Royalties enjoy a 15.2% and 23.18% year-to-date gain, respectively. You can include one or all of them in your stock portfolio in Q3 2021.

CATEGORY

1. Dividend Stocks
2. Investing

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2. TSX:KEG.UN (Keg Royalties Income Fund)
3. TSX:NXR.UN (Nexus Real Estate Investment Trust)

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