2 TSX 60 Components With Dividend Yields Over 3%

Description

The **S&P/TSX 60** index consists of large-cap publicly traded companies. It is market cap weighted and reflects the sector weights of the **S&P/TSX Composite** index. So, we can say that S&P/TSX 60 components are established companies in their respective industries. **Sun Life Financial** (TSX:SLF)(NYSE:SLF) and **Restaurant Brands International** (TSX:QSR)(NYSE:QSR) are two S&P/TSX 60 components with dividend yields of more than 3% that you should have on your buy list.

Sun Life Financial

Sun Life Financial's market cap stands at more than $40 billion. It brings in revenue of more than $35 billion annually from a diversified business that consists of asset management (about 32% of net income), individual insurance (25%), and group insurance (21%). It's also diversified geographically, operating in Canada (31% of net income), Asia (16%), the United States (16%), and the United Kingdom (5%). Therefore, SLF has been a more resilient stock, providing more stable total returns compared to its peer, **Manulife**.

This month, Sun Life just had an India asset management joint venture, of which it owns 12.5%, successfully listed in an initial public offering (IPO). For this IPO, SLF anticipates to record a gain of $300 million in the fourth quarter, although it's not an actual gain because the company hasn't sold any shares yet. The asset management company grew net income by approximately 19% per year from 2018 to 2020. The IPO should strengthen its growth potential.

At about $69 per share at writing, Sun Life stock trades at a reasonable valuation. Additionally, it provides a safe yield of about 3.2%. Its dividend is protected by a sustainable payout ratio of under 40%. The insurance company will have no problem increasing its dividend in the long run. Investors should become more confident in SLF stock once it begins increasing its dividend again. It's not a matter of "if" but "when."

Restaurant Brands

Restaurant Brands is another solid dividend stock in the S&P/TSX 60. Its market cap is over $23 billion. It has three popular restaurant brands under its umbrella: Tim Hortons, Burger King, and Popeyes Louisiana Kitchen. Restaurant Brands's system-wide sales total approximately US$31 billion in 2020. Its network of about 27,000 restaurant locations across more than 100 countries fetched revenue of almost US$5.4 billion in the trailing 12 months. This is clearly an improvement from 2020's revenue of almost US$5 billion.

The company was hit during pandemic lockdowns. Thankfully, because of its super international nature, some of its locations were open, even though others were forced to close temporarily. In 2020, QSR remained profitable, despite experiencing a shave in its revenue (-11% versus 2019), earnings (-24%), and cash flow (-38%).

The dividend stock maintained its dividend growth through the pandemic, which was a display of a robust business. QSR stock has been experiencing a pullback since June. It is undervalued and offers a safe yield of nearly 3.5%. On a further selloff, consider the stock to be even more attractive.

The Foolish investor takeaway

Sun Life and Restaurant Brands are solid dividend stocks to hold for income. Between the two, Restaurant Brands is more appealing with a cheaper valuation and a bigger yield.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. TSX:QSR (Restaurant Brands International Inc.)
3. TSX:SLF (Sun Life Financial Inc.)

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