



Want Passive Income? These 3 Stocks Yield 6.8%

Description

The **Toronto Stock Exchange** is home to several companies that [share their profits](#) with investors through dividend payments. However, if you want higher passive income, invest in three [dividend machines](#).

Pizza Pizza Royalty Corp. ([TSX:PZA](#)), **Keyera** ([TSX:KEY](#)), and **Slate Grocery** ([TSX:SGR.U](#)) are excellent income stocks, given the average dividend yield of 6.8%. Assuming you take a \$10,000 position in each, the combined earnings would be \$2,037. More importantly, you'll create a hedge against rising inflation in 2022 if you invest today.

Strong sales growth

Pizza Pizza didn't disappoint investors in 2021, as evidenced by the 38.31% total return and consistent monthly dividend payments for the year. In the nine months ended September 30, 2021, royalty income and adjusted net earnings from operations declined 3.09% and 3.56% versus the same period in 2020.

Nonetheless, Pizza Pizza CEO Paul Goddard was pleased with the strong sales growth in its largest markets in Q3 2021. He cites the strong marketing campaigns, effective product innovation, high vaccination rates, and the lifting of COVID-19 restrictions in many provinces as the positives. The royalty corporation has yet to report its Q4 2021 results, although Goddard is optimistic the results would be better.

Historically, the fourth quarter is Pizza Pizza's strongest quarter. If the pandemic's effects subside in the coming months, management will continue with new restaurant construction, accelerate restaurant network expansion, and increase renovations. The share price today is \$12.02, while the dividend yield is 5.99%.

Monthly payouts

Keyera is among TSX's well loved dividend stocks because the payouts are monthly, not quarterly. The dividend policy of this \$6.3 billion energy infrastructure company is to provide shareholders with relatively stable, predictable monthly dividends. Management retains a portion of cash flows to fund growth projects.

In the nine months ended September 30, 2021, Keyera's net earnings increased 71.2% to \$234.22 million versus the same period in 2020. The energy stock's total return last year was 34.77%. It trades at \$28.53 per share and pays a hefty 6.73% dividend.

Dividend beast

Slate Grocery pays the highest dividend (7.65%) of the three stocks in focus. This \$793 million real estate investment (REIT) is not only a dividend beast but is also a recession-resistant asset. It owns and operates grocery-anchored real estate in the U.S. At \$14.43 per share, you get value-for-money.

In Q3 2021, net operating income (NOI) and net income grew 11% and 25.9% versus Q3 2020. According to Slate Grocery's CEO, David Dunn, the quarterly result was one of the best, most consequential quarters to date. He adds, "We achieved transformational growth, increasing the value of our portfolio by more than \$414 million."

The new leasing volumes of 229,290 square feet was a quarterly record too. Moreover, the deals have a rental spread of 20.5%. Dunn wants to emphasize the results confirm the resilient and essential nature of grocery-anchored real estate. He is confident that Slate Grocery is well-positioned for continuous portfolio growth.

Slate Grocery investors are happy because of the 39.29% capital gain for 2021 in addition to the over-the-top dividend yield.

Diversified portfolio

[Passive investors](#) can form a profitable, diversified portfolio with Pizza Pizza, Keyera, and Slate Grocery. They are also ideal holdings in a Tax-Free Savings Account (TFSA).

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:KEY (Keyera Corp.)
2. TSX:PZA (Pizza Pizza Royalty Corp.)
3. TSX:SGR.U (Slate Retail REIT)

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