3 Top TSX Dividend Stocks With a Yield of Over 3%

Description

It's not easy to shortlist a quality dividend stock just by looking at the forward yields. There are several stocks that have a high yield but these payouts may not be sustainable over the long term. A better approach is to find a balance of attractive yields without significant risks to payouts.

Here, we look at three such quality dividend stocks Canadians can buy right now with yields of more than 3%.

AltaGas

Shares of **AltaGas** (TSX:ALA) have gained over 40% in the last year. It also offers investors a forward yield of 3.9%. A diversified energy infrastructure company in North America, AltaGas operates through business segments that include utilities and midstream.

In Q3 2021, AltaGas increased its funds from operations by 53% year over year to $0.61 per share, up from $0.40 per share in the year-ago period. Its normalized EBITDA rose 15% to $244 million, up from $213 million in Q3 2020. These results reflected strong execution across business segments, while EBITDA from the midstream business was up 63% at $186 million in the September quarter.

AltaGas forecasts adjusted EPS between $1.65 and $1.80 per share, while normalized EBITDA is forecast between $1.475 billion and $1.525 billion in 2021. Analysts tracking the stock expect AltaGas to gain over 10% in the next year.

Brookfield Renewable Partners

Shares of **Brookfield Renewable Partners** (TSX:BEP.UN)(NYSE:BEP) are down 6% in 2022 and 30% from all-time highs. However, the pullback in share prices has increased forward yield to a tasty 3.6%.

BEP is one of the largest renewable energy companies in the world. It is a geographically diverse company with assets located all over the world. Brookfield Renewable Partners' base of cash-generating assets should allow it to increase dividends between 5% and 9% in the medium term. In the last 12 years, it has increased dividends at an annual rate of 6%.

Brookfield Renewable Partners recently acquired Urban Grid, which will allow it to triple its renewable energy pipeline in the United States. Given Wall Street estimates, BEP stock is trading at a discount of 25% after accounting for its dividend yield.

Canadian Natural Resources

An energy heavyweight, **Canadian Natural Resources** (TSX:CNQ)(NYSE:CNQ) offers investors a forward yield of 3.7%. The company has increased its payouts at an annual rate of 20% in the last two decades, making CNQ one of the top dividend growth stocks on the TSX.

In Q3 2021, the company reported net earnings of $2.2 billion, and adjusted funds flow of $3.6 billion. This allowed CNQ to reduce net debt by $2.3 billion sequentially to $15.9 billion. In addition to debt repayment, Canadian Natural Resources distributed $1.1 billion to shareholders via dividends and share repurchases.

CNQ ended Q3 with $6.2 billion in liquidity. Its long-life, low-decline base of assets supports a sustainable, growing and predictable dividend. While most energy players cut or even suspended dividends amid the pandemic, Canadian Natural Resources increased payouts in each of the last two years.

The company aims to allocate 50% of free cash flows toward repurchases and the rest to strengthen its balance sheet. CNQ stock remains a top bet especially if crude oil prices continue to move higher.

CATEGORY

1. Dividend Stocks
2. Investing

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1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. NYSE:CNQ (Canadian Natural Resources)
3. TSX:ALA (AltaGas Ltd.)
4. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
5. TSX:CNQ (Canadian Natural Resources Limited)

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