3 High-Yield TSX Dividend Stocks to Buy Now

Description

The market correction is putting temporary pressure on net worth, but it also gives investors focused on total returns a chance to buy top TSX dividend stocks at undervalued prices for a self-directed TFSA or RRSP portfolio.

BCE

BCE (TSX:BCE)(NYSE:BCE) is a giant in the Canadian communications industry with a market capitalization of $58 billion. Size has its benefits in a sector that require billions of dollars of investment every year to upgrade wireline and wireless networks, as technology changes and customers demand more broadband across multiple platforms.

BCE spent $2 billion in 2021 on new 3,500 MHz spectrum that is the foundation for the expansion of the 5G mobile network. The company is also pushing ahead with its fibre-to-the-premises initiative that will connect another 900,000 buildings with high-speed fibre optic lines in 2022. These projects help protect BCE's competitive position in the sector and enable revenue growth through the sale of new services and upgraded packages.

BCE raised the dividend by 5% for 2022 and a similar increase should be on the way next year. BCE is targeting free cash flow growth of 2-10% for 2022.

Manulife Financial

Manulife (TSX:MFC)(NYSE:MFC) has insurance, wealth management, and asset management businesses primarily located in Canada, the United States, and Asia. The American group operates under the John Hancock brand.

Manulife generated record profits in 2021 and raised the dividend by 18% for this year. The stock traded as high as $28 in early 2022 but is now down below $22 per share due to the pullback in the broader financial sector. Manulife's Q1 results took a hit, as the Omicron surge caused morbidity and mortality claims to jump in Canada and the United States. Lockdowns in Asia reduced sales of new policies.

The worst of the COVID-19 impact should be in the rearview mirror, and while falling equity markets will put pressure on wealth management and assets management results in Q2 and possible Q3, the sharp rise in interest rates should give the insurance businesses a boost by generating higher returns on cash that needs to be kept aside for potential claims.

Manulife appears undervalued right now and provides a 6% dividend yield.

TC Energy

TC Energy (TSX:TRP)(NYSE:TRP) trades near $65.50 per share compared to $74 a few weeks ago. The drop has coincided with the pullback in energy stocks as a result of the sharp decline in oil and natural gas prices.

TC Energy, however, doesn't produce oil and natural gas. It simply transports the commodities from the producers to refineries, storage locations, or utilities. This means the change in the price of oil or natural gas should have a limited direct impact on TC Energy's revenue and cash flow.

The company has a $25 billion capital program in place that should support continued dividend growth in the next few years.

Investors who buy the stock at the current price can pick up a 5.5% dividend yield.

The bottom line on top high-yield TSX dividend stocks

BCE, Manulife, and TC Energy are leaders in their respective industries and pay growing dividends that now offer high yields. If you have some cash to put to work in a self-directed TFSA or RRSP focused on total returns, these stocks deserve to be on your radar.

CATEGORY

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2. NYSE:MFC (Manulife Financial Corporation)
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Date
2025/08/23
Date Created
2022/07/06
Author
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