3 TSX Stocks With High Dividend Yields

Description

When the **TSX Index** is in turmoil, Canadian investors can find shelter in dividend stocks. The stock market can be very volatile, but at the very least, you can collect a regular dividend income returns.

Be cautious with high dividend yields

While high dividend yielding stocks can be attractive, you must be very selective. Often a high dividend yield means there are higher risks facing a business. It can also be a sign that the company's dividend is not sustainable or could eventually be cut. Consequently, the market demands a higher dividend premium for the elevated potential risk.

Fortunately, from time to time, the market gets it completely wrong. It could just be that the business is misunderstood or that risks facing the business are not as real as anticipated. Sometimes, it can just be the stock market pulling back all stocks, with no actual relationship to the dividend being challenged.

You do need to be cautious with high dividend stocks. However, periodically market corrections can present opportunities to buy stocks with elevated dividends at attractive prices. Here are three TSX dividend stock with high yields to consider today.

A healthcare REIT with dividend yield over 6%

NorthWest Healthcare Properties REIT (TSX:NWH.UN) is an interesting real estate stock singularly focused on medical and healthcare-related properties. It owns high-quality hospital, medical office, and life science properties across Canada, Brazil, Australia/New Zealand, Europe, and, recently, the United States.

Healthcare is an essential service across the world. As a result, the REIT has long-term leases, high-quality tenants, and high 97% occupancy. 80% of its leases are indexed to inflation, so it should see a strong year of rental revenue growth in 2022.

This affords it to pay its attractive $0.0667 per unit monthly distribution. At today's price of $12.41, that equals a 6.5% distribution yield. Put $20,000 into this stock, and you'd earn $108.33 monthly!

A pipeline stock with a 6% dividend

Another attractive stock for high dividends is **Enbridge** (TSX:ENB)(NYSE:ENB). After a nearly 10% decline recently, this stock is yielding a 6.37% dividend. Every quarter, it pays a $0.86 per share dividend. If you put $20,000 into Enbridge, you would earn $318.50 every quarter or $106.16 averaged monthly.

Enbridge is a nice way to get energy exposure without direct commodity pricing risk. As one of North America's largest energy infrastructure businesses, it stands to benefit from elevated energy demand globally.

One concern to monitor is that Enbridge does have a lot of debt. With interest rates rising, that could impact its ability to finance future projects and grow its dividend. This is not immediately worrisome, but it's something to monitor, nonetheless.

A safe telecom stock with an outsized yield

If you are simply looking for dividend returns, then **BCE** (TSX:BCE)(NYSE:BCE) is a stock with an elevated yield. To be clear, this stock does not have a lot of growth. As Canada's largest telecommunications provider, it is an entrenched stalwart in the industry. This company is not going away anytime soon.

As it broadly invests in 5G and fibre optic infrastructure, investors can expect modest mid-single-digit earnings and dividend growth in the coming years. It has grown its dividend rate by about 5% a year over the past decade.

Today, it yields 5.75% and pays a $0.92 quarterly dividend. $20,000 invested in this dividend stock would earn $287.50 a quarter, or $95.83 averaged monthly.

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