3 TSX Stocks With High Dividend Yields

Description

A stock's dividend yield represents the percentage of an investor's initial investment that will be returned on an annual basis. As a means of calculating a return on investment, this is a crude metric that works well.

That said, not all dividend stocks are the same. And while many top TSX stocks meet the criteria of high-yielding, profitable companies, not all represent excellent value at these levels. That's because high yields can also represent higher risk related to potential dividend cuts or an unfavourable view of a business's prospects over time.

That said, there are a few companies I've got on my radar right now with the right mix of high yield and growth potential. Here are three stocks worth keeping an eye on right now.

Top TSX stocks with high dividend yields: SmartCentres REIT

SmartCentres REIT (TSX:SRU.UN) is a prominent Canadian real estate investment trust (REIT). This REIT focuses on retail-oriented real estate, such as strip malls, in desirable locations around Canada.

The company's 34.7 million square feet of real estate is worth just shy of $12 billion, making this a prominent player in retail real estate. One of the more interesting aspects of this business is the REIT's sky-high occupancy rate at more than 97%.

With a price-to-earnings ratio of only 4.5, SmartCentres's 6.3% dividend yield is one I think is worth considering. On a valuation basis alone, it's hard to find these kind of quality cash flows at this price right now.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is another high-yielding stock in a very different business. Enbridge is among the most prominent energy infrastructure (pipeline) operators in North America.

The company provides affordable energy sources through natural gas pipelines, liquids pipelines, renewable energy, gas distribution, and storage. In fact, Enbridge transports almost 20% of the natural gas that the U.S. consumes and transports 30% of the crude oil produced in North America.

Enbridge has a current market cap around $115 billion and a price-to-earnings ratio around 23 times. While more expensive than many companies in the market right now, Enbridge’s 6% yield is very enticing. That’s because this company’s cash flows are very stable and provide for further growth, particularly if energy markets remain tight for some time.

Canadian Imperial Bank of Commerce

Last, but not least, we have **Canadian Imperial Bank of Commerce** (TSX:CM)(NYSE:CM). CIBC is one of the “Big Six” Canadian banks, serving 11 million clients with 40,000 employees. This lender’s dividend yield has typically remained above its peers due to the company’s primary focus on the Canadian market.

Now, CIBC has made some inroads into the U.S. market as well. However, for all intents and purposes, CIBC is a company investors tend to buy for exposure to the Canadian market.

This bank’s dividend yield of 5.1% is certainly high compared to most North American banking peers. Thus, for those bullish on the financials sector but looking for more yield, CIBC can be a great way to gain said exposure.

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Date
2025/06/28
Date Created
2022/08/03
Author
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