3 Cheap Stocks (With Dividend Yields Over 6%) to Earn Steady Cash

Description

If you love dividends and high yields, the TSX offers plenty of reliable opportunities to make consistent income. Several Canadian corporations listed on the TSX have been paying and growing their dividends for years, making them a go-to avenue to earn steady cash, irrespective of the volatility in the market.

However, with inflation running hot, I'll focus on only those TSX dividend stocks that are trading cheap and offering high yields. Against this backdrop, I am bullish about **Enbridge** (TSX:ENB)(NYSE:ENB), **NorthWest Healthcare** (TSX:NWH.UN), and **Pizza Pizza Royalty** (TSX:PZA).

Let's examine why these TSX stocks offer dividend yields over 6% should be a part of your portfolio.

Enbridge

Enbridge's solid dividend payment (67 years) and growth history (27 years) make it the go-to stock for income investors. What's more? This energy infrastructure company offers a high dividend yield of 6.3%. Moreover, Enbridge's dividend target payout ratio of 60-70% of its DCF (distributable cash flow) is sustainable in the long run.

Enbridge is confident in delivering 5-7% growth in its DCF/share in the medium term, implying its dividend could continue to grow at almost a similar pace. Meanwhile, its 40 diverse cash flow stream, new assets placed into service, and strong energy demand will likely support its DCF growth. Further, its contractual framework, a solid mix of conventional and renewable assets, and multi-billion secured program imply that its payouts are well covered.

NorthWest Healthcare Properties REIT

Next up is a REIT (real estate investment trust). Their high payout ratios and steady distributions make REITs solid options for investors seeking regular income. Within REITs, investors can consider NorthWest Healthcare.

Its healthcare-focused properties remain immune to economic cycles, adding stability to your portfolio. Further, with top-quality tenant base (over 80% are supported through government funding) and long lease term (over 14%) add visibility over future cash flows and dividend distribution.

NorthWest also benefits from a high occupancy rate (greater than 97%) and inflation-protected rents (about 82%). Further, its solid development pipeline, geographically diversified assets, and expansion in the U.S. present a solid opportunity for growth. NorthWest pays a monthly dividend. Moreover, it offers a lucrative yield of 6.3%.

Pizza Pizza Royalty

With easing restrictions amid widespread vaccinations and a rebound in customer demand, Pizza Pizza Royalty emerges as a solid stock for generating stable income. Further, its policy to distribute most of the available cash to maximize shareholder returns supports my bullish outlook.

Pizza Pizza's sales exceeded the pre-pandemic levels in the second quarter. Further, due to the strong revenues, the company generated solid cash, allowing it to boost shareholders' returns. This year, Pizza Pizza has increased its dividend twice (in February and June). Moreover, it is yielding over 6.3%.

Looking ahead, the strength in delivery, pickup, and walk-in sales, menu innovation, and targeted marketing campaigns will support its sales and dividend payments. Further, an increase in store count will likely accelerate its growth.

Bottom line

Income investors can rely on these dividend stocks to comfortably earn a high yield of more than 6%. Further, as these stocks are trading cheap, one can buy all these three stocks for less than $100 and keep accumulating them to benefit from capital appreciation and dividend income.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)
3. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
4. TSX:PZA (Pizza Pizza Royalty Corp.)

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