3 Income Stocks That Could Beat the Broader Market

Description

While it may be scary to invest during a bear market, placing the right bets may help you derive exponential gains when equities recover. Right now, investors are worried about catching a falling knife, given the volatility surrounding the stock market.

But what if there is a chance to buy quality companies that are reasonably valued and offer investors tasty dividend yields? Yes, the ongoing selloff surrounding the equity market has allowed investors the opportunity to buy beaten-down stocks at lower multiples.

Here are three such dividend stocks trading in the TSX that could beat the broader market in 2023.

Keyera

One of Canada's leading energy companies, **Keyera** (TSX:KEY) offers investors a dividend yield of 6.1%. An energy infrastructure giant valued at a market cap of $7 billion, Keyera has three primary business segments that include Liquids Infrastructure, Gathering & Processing, and Marketing.

Keyera's asset base enjoys high utilization rates allowing it to increase distributable cash flow per share by 8% annually in the last 14 years. Despite the financial crisis, the COVID-19 pandemic, and the ongoing macroeconomic concerns, Keyera has increased its dividend payout by 6% annually since 2008, showcasing the resiliency of its business model.

It is one of the few energy companies that pays investors a monthly dividend. Keyera forecasts adjusted EBITDA (earnings before interest, tax, depreciation, and amortization) to increase by 6% annually through 2025, which should support dividend increases in the future as well.

TC Energy

Another oil and gas stock that makes the list is **TC Energy** (TSX:TRP). One of the largest companiesin Canada, TC Energy commands an enterprise value of $117 billion.

In the last 20 years, TRP stock has returned 505% to investors after adjusting for dividends. Comparatively, the TSX index has surged 450% since December 2002. Despite its outsized gains, TC Energy currently offers shareholders a dividend yield of 6.2%.

TC Energy operates around 90,000 km of natural gas pipeline infrastructure in North America. It also has a natural gas storage capacity amounting to 650 billion cubic feet. Given its wide economic moat, TC Energy is well poised to thrive across economic cycles and generate stable cash flows.

TC Energy has outlined a $34 billion capital-expenditure program that should expand its base of cash-generating assets and support higher dividend payouts in the future. It has already increased its dividend for 20 consecutive years.

Northwest Healthcare

The final TSX stock on my list is **Northwest Healthcare** (TSX:NWH.UN). Shares of this healthcare-focused real estate investment trust (REIT) are down 31% from all-time highs, allowing investors to benefit from a tasty dividend yield of 8%.

Northwest owns, manages, and develops real estate with a focus on acquiring tenants in verticals such as healthcare, life sciences, education, and research. It has a diversified portfolio in eight countries and aims to create healthcare infrastructure to enhance local communities and allow tenants to deliver critical services effectively.

With an asset portfolio of 233 properties valued at almost $11 billion and an occupancy rate of 97%, the weighted average lease expiry for Northwest Healthcare is 14 years. The REIT is part of a defensive sector and should generate cash flows in good times and bad.

In addition to the high dividend payouts, investors may also benefit from long-term capital gains by investing in dividend stocks.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:KEY (Keyera Corp.)
2. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
3. TSX:TRP (TC Energy Corporation)

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Date
2025/08/25
Date Created
2022/12/11
Author
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