



TFSA Investors: 2 Monthly Dividend Stocks Yielding 4-6%

Description

Income investors are always searching for reliable dividend stocks to add to their portfolios.

Holding these names inside your TFSA is a great way to earn tax-free income and protect any potential capital gains from the taxman when you decide to sell.

Let's take a look at **Shaw Communications Inc.** ([TSX:SJR.B](#))([NYSE:SJR](#)) and **Inter Pipeline Ltd.** ([TSX:IPL](#)) to see why they might be interesting picks.

Shaw

Shaw is working its way through a major transition.

The company decided to enter the Canadian mobile market last year with its purchase of Wind Mobile. Shaw rebranded the business as Freedom Mobile and is now battling with its peers for Canadian mobile subscribers.

The move was necessary for Shaw to compete on a level playing field in its other segments, including TV and internet, where winning subscribers often depends on the ability to offer bundled services.

Canadians like to get their phone, internet, and TV supplied by one provider on a single package. Previously, Shaw was at a disadvantage because it couldn't offer an attractive mobile option to secure or retain customers.

To help pay for the move into the mobile game, Shaw sold its media division to **Corus Entertainment**. Some pundits questioned the wisdom of the sale, but it could prove to be a smart decision as content owners fight for advertising revenue and try to figure out how to stay profitable in the new pick-and-pay Canadian TV market.

Shaw pays a monthly distribution of just under 10 cents per share. At the current price, investors pick up a 4.1% yield.

IPL

IPL owns natural gas liquids (NGL) extraction assets, conventional oil pipelines, oil sands pipelines, and a liquids storage business in Europe.

This stuff doesn't sound very exciting, but the diversified businesses provide a nice stream of cash flow.

Management took advantage of the downturn in the oil patch to add strategic assets last year, including a \$1.35 billion deal to acquire two NGL extraction facilities from **The Williams Companies**.

In addition, IPL has about \$3 billion in development projects in the works that could be completed by the end of 2021. As the new assets go into service, IPL should see cash flow grow enough to support continued increases in the dividend.

The stock pays a monthly distribution of \$0.135 per share for an annualized yield of 6%.

Is one more attractive for your TFSA?

Both stocks provide solid monthly dividends that should be safe.

At this point, IPL delivers a better yield and probably offers stronger dividend-growth prospects over the medium term. Another downturn in the energy sector would likely impact the stock, so further volatility should be expected, but I would still make IPL the first choice today.

CATEGORY

1. Dividend Stocks
2. Investing

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