



3 High-Yield Income Picks for Your TFSA Today

Description

Fears about rising interest rates are creating some interesting opportunities for Canadian income investors.

Let's take a look at **Power Financial Corp.** (TSX:PWF), **Inter Pipeline Ltd.** (TSX:IPL), and **Altagas Ltd.** ([TSX:ALA](#)) to see why they might be interesting picks right now.

Power Financial

Power Financial owns a portfolio of Canadian companies in the insurance and wealth management sectors, as well as an interest in a European holding company with positions in some of the continent's top global names.

As interest rates rise, Power Financial's insurance businesses should see an improvement in margins on the funds they have to set aside for potential claims.

If you want to add a financial name to your portfolio, but don't want to buy the banks right now, Power Financial is worth considering.

The stock provides a dividend yield of 4.9%.

IPL

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

The company has navigated through the oil rout in pretty good shape, and management has even taken advantage of the downturn to add strategic assets to drive future growth.

The new businesses, in addition to a development portfolio of \$3 billion in new projects, should drive additional cash flow to support ongoing dividend increases.

The Q1 2017 payout ratio was 61%, so there is ample room for dividend hikes.

IPL pays its distribution monthly and provides an annualized yield of 6.5%.

Altagas

Altagas owns gas, utility, and power businesses in Canada and the United States. The company has a number of growth projects underway, including the expansion of the Townsend gas-processing facilities and the construction of a propane export terminal in British Columbia.

South of the border, Altagas is in the process of buying Washington D.C.-based **WGL Holdings** for \$8.4 billion.

Management says the new assets should provide cash flow growth to support annual dividend increases of at least 8% through 2021.

The stock has sold off this year on the broader energy pullback and amid some concerns the WGL deal might not close as expected next year.

At the time of writing, investors can pick up a 7.2% annualized yield on the monthly distributions.

Is one more attractive?

At this point, all three look like solid dividend picks for an income-focused TFSA portfolio. An equal investment in each one would provide some nice exposure to Canada, the United States, and Europe while generating a yield of better than 6%.

CATEGORY

1. Dividend Stocks
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1. TSX:ALA (AltaGas Ltd.)

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