2 High-Yield Stocks for Your TFSA

Description

In this low interest rate environment, it’s very tough to find high-yielding investment options for your long-term TFSA portfolios.

Despite the Bank of Canada’s two consecutive interest rate hikes this year, the yield on the government 10-year bond is still 2.18%. And the best GIC rate for the five-year term is ~2.75%, according to data available on the ratehub.ca.

Individual investors who are looking to build their retirement portfolios have no other option but to look for quality dividend stocks to earn a high yield. But the trick here is to find companies with a good track record of rewarding their investors, instead of getting lured by some risky players that are in trouble.

Here are two companies which have been paying above-average returns to their investors, and they are in a better position to sustain these payouts.

H&R Real Estate Investment Trust (TSX:HR.UN)

H&R REIT is Canada’s largest diversified REIT with total assets of approximately $14.1 billion. The company manages some high-quality office, retail, industrial, and residential properties comprising over 46 million square feet.

In addition, H&R REIT has a 33.6% interest in **ECHO Realty L.P.**, which owns 223 properties comprising over 9.2 million square feet.

H&R REIT has exposure in both Canada and the U.S. with 33% of its assets located in south of the border.

With an attractive 6.28% dividend yield, which translates into a $0.1066-a-share monthly distribution, the company has a predictable and stable income stream from long-term leases.

Most of its tenants are some of the largest companies, including **Encana Corporation** and **Bell Canada**, making its payout both attractive and secure for your TFSA portfolio.

Medical Facilities Corp. (TSX:DR)

The aging population in North America makes healthcare stocks very attractive for long-term investors. This means a lot of demand for facilities that provide treatment, care, and other health services to baby boomers.

That’s the reason I like Medical Facilities, which operates five specialty surgical hospitals and one ambulatory surgery centre in five U.S. states. The hospitals are well situated in geographic regions supported by population growth.

The company’s stock is down ~11% this year to $15.67 at the time of writing, reacting to the sudden departure of its CEO

Britt Reynolds in June. But this change doesn’t alter the long-term potential of this business.

With an attractive dividend yield of 7.18%, Medical Facilities provides a good opportunity to TFSA investors seeking a high yield. The company is managing its payout ratio quite well. Over the last four years, the ratio has fallen to 69% from 83.3% in 2012, as revenues from its latest acquisitions added depth to its income.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:DR (Medical Facilities Corporation)
2. TSX:HR.UN (H&R Real Estate Investment Trust)

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