



TFSA Income Investors: 2 High-Yield, Unloved Dividend Stocks With Growing Payouts

Description

Canadian retirees and other income investors are searching for top-quality stocks to add to their TFSA portfolios.

Let's take a look at two companies that have strong track records of [dividend growth](#) and currently provide above-average yields.

BCE Inc. ([TSX:BCE](#))([NYSE:BCE](#))

BCE launched a new business and acquired two others over the past year, and those activities could provide a nice boost to revenue and cash flow in 2018 and beyond.

In early 2017, BCE bought Manitoba Telecom Services in a deal that secured a strong base in central Canada and bumped the communications giant into top spot in the Manitoba market.

Later in the year, the company announced an agreement to acquire home-security company AlarmForce. The purchased closed in January, and BCE is expected to roll out packaged deals to its large customer base.

Finally, BCE launched a low-cost prepaid phone business, Lucky Mobile. The effort is BCE's entrance back into the segment and should round out the company's mobile offerings.

Management just raised the dividend by more than 5%, and investors should be comfortable with the sustainability of the distribution. At the time of writing, BCE provides a yield of 5.4%.

Inter Pipeline Ltd. (TSX:IPL)

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

The company just reported solid financial results for 2017, and investors could see nice revenue and

cash flow increases in the coming years.

Why?

IPL made strategic acquisitions at attractive prices during the [oil rout](#), including the \$1.35 billion purchase of two NGL extraction facilities and related infrastructure from The Williams Companies. As the market recovers, IPL could see strong returns on the investments.

In addition, the deal came with plans for a new development that is now going ahead. The \$3.5 billion Heartland Petrochemical Complex is scheduled for completion by the end of 2021.

On the dividend side, the 2017 payout ratio was 62%, so IPL has adequate room to maintain or increase the distribution. Investors can now pick up a yield of 7.4%.

Is one a better bet?

Both stocks offer attractive dividends that should be safe. At this point, I would probably split a new investment between the two names to diversify sector exposure and collect an average yield of better than 6%.

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