# TFSA Investors: Diversify With These 3 High-Yielding Dividend Stocks

## Description

A TFSA is a great tool to use to help build your savings with. Not only will you earn tax-free dividends on eligible investments, but capital appreciation will also not be taxed within the account.

However, you want to be careful not to simply focus on dividends, because it's important for the stocks to have enough upside, so you don't end up using your dividend income to offset your losses.



The three stocks below will be good long-term buys that you can expect to grow, and that will generate strong dividends for you over the years. In addition, with three different industries covered, you can also help diversify your portfolio in the process.

**Telus Corporation** (TSX:T)(NYSE:TU) is a blue-chip stock that pays investors 4.3% annually. The company has a strong track record for increasing payouts as well, and in five years its quarterly dividend has risen 58% from just $0.32 to $0.505 for a compounded annual growth rate (CAGR) of 9.6%.

In five years, the telecom stock has generated steady returns of more than 31%. While these are not amazing returns, the stock has outperformed the TSX, which during this time has risen just 20%.

Telus is a pillar in its industry, and there's no reason for that to change any time soon, and that can help provide your portfolio with a lot of stability in the years to come while also adding recurring cash flow.

**RioCan Real Estate Investment Trust** (TSX:REI.UN) has struggled in the past year with its share price dropping over 11%. It has fallen below book value, and its dividend yield is now over 6.1%, which is paid out in monthly installments.

Despite a consistent top-line and strong profits, we've seen stocks with noticeable debt loads get hit hard as interest rates have been on the rise.

It also doesn't help that even big retailers have struggled to stay in business, and that negative outlook could have investors worried that more stores could be on their way out.

The reason I'm not overly concerned with RioCan is that the company has looked at an innovative way to reduce its exposure to retail tenants by diversifying the space that was once reserved for stores.

Combined with strong financials, the REIT will provide your portfolio with some stability and great potential for long-term growth.

**First National Financial Corp.** (TSX:FN) offers financial services, and with interest rates on the rise, it could take advantage of higher margins, especially as the economy continues to grow.

Returns for the stock have been flat this past year, although over five years the share price has risen nearly 60%.

The stock pays investors 6.8% and also provides monthly payouts. In five years, First National's dividend has grown by more than 42% for a CAGR of 7.3%.

Investors were in for a pleasant surprise last year, as the company announced a generous special dividend, adding to the company's already high payout.



First National will provide investors with a lot of potential for growth. In three years, sales have risen 34%, while profits during that time have doubled.

**CATEGORY**

1. Dividend Stocks
2. Investing

**TICKERS GLOBAL**

1. NYSE:TU (TELUS)
2. TSX:FN (First National Financial Corporation)
3. TSX:REI.UN (RioCan Real Estate Investment Trust)
4. TSX:T (TELUS)

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