Retirees: 3 High-Yield Income Stocks for Your TFSA Portfolio

Description

Canadian pensioners are using their Tax Free Saving Accounts (TFSAs) as an efficient way to generate extra income to complement their pension payments.

Let's take a look at three companies that might be interesting picks today.

RioCan Real Estate Investment Trust (TSX:REI.UN)

RioCan is redefining the retail REIT industry through its mixed-use development initiatives.

The company is refocusing its efforts on six core markets and is adding residential units to its top retail locations. The move makes sense as the company owns some of the best property in Canada's largest cities, and it can take advantage of the growing demand for condos and convenient downtown living.

RioCan's retail properties continue to be in demand. At the end of Q1 2018, RioCan had committed occupancy of 96.6%. Funds from operations in the quarter rose 4.5% compared to Q1 2017.

The company is monetizing assets in secondary markets as part of its strategy shift. As of May 8, RioCan had completed or signed deals to sell $583.4 million of properties. The company is targeting total sales of about $2 billion. Proceeds are earmarked to reduce debt, buy back trust units under the normal course issuer bid, and provide capital for the development program.

RioCan pays a monthly distribution of $12 per unit. That's good for an annualized yield of 6%.

A&W Revenue Royalties Income Fund (TSX:AW.UN)

A&W collects a royalty of 3% of sales from its 896 restaurants in Canada. The company is expanding quickly as Canadians continue to demand the tasty burgers and famous root beer.

Same-store sales rose 5.3% in the first quarter compared to the same period last year. Royalty income increased 9.2%, and net income jumped 16.2%.

A&W has done a good job of differentiating itself in the market through advertising campaigns that highlight the fact that its beef is raised without hormones or steroids. In June, the company also announced it would be the first restaurant chain in North America to eliminate the use of plastic straws.

A&W pays a monthly distribution of $0.138 for a yield of 5.2%.

Gibson Energy Inc. (TSX:GEI)

Gibson is a niche player in the energy sector with a focus on gathering, storage, and processing crude oil.

The company generated solid Q1 2018 results amid a recovery in the oil patch. Adjusted EBITDA from continuing operations jumped 31% compared to Q1 2017. Distributable cash flow from operations rose 48% to $65 million, putting the trailing 12-month payout ratio at 92%.

The company pays a quarterly dividend of $0.33 per share. That's good for a yield of 7.5%.

Gibson is undergoing a strategy shift that will see the company focus more on its energy infrastructure segments. As a result, Gibson plans to sell non-core assets, including the NGL Wholesale, Canadian and U.S. Truck Transportation, and non-core Canadian Environmental Services operations.

Management expects to monetize the assets at or above targeted prices. This should provide flexibility to shore up the balance sheet and provide funding for new capital projects.

The bottom line

RioCan, A&W, and Gibson pay above-average distributions that should be sustainable. An equal investment in all three companies would generate an average yield of more than 6%.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:AW.UN (A&W Revenue Royalties Income Fund)
2. TSX:GEI (Gibson Energy Inc.)
3. TSX:REI.UN (RioCan Real Estate Investment Trust)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing

Date
2025/10/02

Date Created
2018/06/30
Author
aswalker