TFSA Investors: 3 Dividend Stocks That Pay up to 6.6%

Description

A TFSA is a great place to store dividend stocks, since, on eligible investments, you'll be able to earn dividend income on a tax-free basis. However, ideally, you also want to be a bit strategic with your investments and select those that might have a bit more upside, so you can benefit from capital appreciation as well.

One of the ways you can do that is by investing in stocks that aren't as popular as others in their respective industries. The smaller, less-hyped stocks can often provide more value for your money, since many investors prefer to go for the known industry giants rather than the lesser-known players in the industry. You may take on a bit more risk, but you could also achieve stronger returns as well.

Below are three stocks that fit this criterion; they pay more than 4% per year and could be great additions to your TFSA today.

Algonquin Power & Utilities Corp. (TSX:AQN)(NYSE:AQN) has shown strong growth over the years with its sales more than doubling since 2013. The company has a wide variety of energy facilities, including wind, solar, and hydro. This broad portfolio of assets can offer it a lot of diversity, particularly as consumer preferences move toward more environmentally friendly sources of energy.

Year to date, the stock has been down 8%, and that has pushed its dividend yield up to over 5.1%, although this will vary as the dividends are in USD. The company recently hiked its dividend by 10%, and if that pattern continues, that could accelerate your portfolio's returns over the long term.

Plaza Retail REIT (TSX:PLZ.UN) isn't one of the more popular REITs out there, and with a market cap of less than $500 million, it still has a lot of room to grow. However, with the stock currently trading right around its book value, the price is right for Plaza to attract some new investors.

The REIT has properties in several Canadian provinces, including Alberta, Manitoba, Ontario, Quebec, and the Maritimes. More than 90% of the company's gross rent comes from well-known, national retailers, which should provide it with some stability. While we've certainly seen some retailers face challenges over the past few years, and it doesn't hurt to become less reliant on those types oftenants, so far it is the exception rather than the norm.

Its monthly dividend yields 6.6% annually and could be a great source of cash flow for your portfolio.

Chorus Aviation Inc. (TSX:CHR) isn't one of the big airlines you can invest in, but it too can stand to benefit from rising demand in the industry. The stock is near its 52-week low, as year to date the share price has dropped 25%. However, over the past five years, its returns are over 260%.

With some airlines seeing terrific travel numbers this year, and the economy continuing to do well, there's a lot of potential for Chorus over the long term, especially with its stock trading so low. While there's a bit more risk investing in Chorus, the returns are also potentially much greater as well.

Currently, the stock pays a monthly dividend $0.04, which provides an annual yield of 6.6%.

CATEGORY

1. Dividend Stocks
2. Investing

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1. Editor's Choice

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2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:CHR (Chorus Aviation Inc.)
4. TSX:PLZ.UN (Plaza Retail REIT)

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