5 High-Yield Canadian Dividend Stocks to Increase Your TFSA Income

Description

Canadians investors are using their TFSAs to earn tax-free dividend income and ideally put some capital gains in their pockets along the way.

Let's take a look at five high-yield stocks that have growing distributions and should be fairly valued today.

BCE (TSX:BCE)(NYSE:BCE)

BCE is Canada's largest communications company operating state-of-the-art wireless and wireline networks right across the country.

The extensive coverage of the market as well as the ongoing roll-out of fibre to the premises should provide a nice moat for the company in the coming years. The stock is down on market concerns that rising interest rates could provide steep competition for core dividend stocks that aren't delivering significant growth. The point is valid, but the pullback in the stock is starting to appear overdone.

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BCE provides a yield of 5.75%.

Enbridge (TSX:ENB)(NYSE:ENB)

Enbridge is working through a transition that should clean up the balance sheet as well as the corporate structure, and investors might not be appreciating the progress the company has already made this year.

Enbridge has announced deals to monetize $7.5 billion in non-core assets in 2018. The original goal was set at $3 billion, so there is no shortage of buyers. In addition, the company is on track in its plan to buy back a number of its subsidiaries.

A $22 billion development program should provide adequate new revenue and cash flow to support or increase the dividend in the next few years. The current payout yields 6%.

Vermilion Energy (TSX:VET)(NYSE:VET)

Vermilion is an interesting name in the Canadian energy patch in that the company is more of a global producer, with 50% of production generated in other countries primarily located in Europe. Growth has come as a result of strategic acquisitions and that trend continues, including a recent $1.4 billion deal to boost the company's holdings in light-oil properties in Saskatchewan.

The monthly dividend of $0.23 per share provides a yield of 6.7%.

Power Financial (TSX:PWF)

Power Financial is a Canadian holding company with subsidiaries in the Canadian insurance and wealth management sectors. The company also owns a stake in Pargesa, which is another holding company based in Europe that invests in some of the continent’s largest global businesses.

Rising interest rates and strong stock markets bode well for the insurance and wealth management operations.

Power Financial pays a dividend that yields 5.8%.

Innergex (TSX:INE)

Innergex is a player in the renewable energy sector with wind, solar, hydroelectric, and geothermal facilities in Canada, the United States, Iceland, France, and Chile. The company has grown through organic developments and strategic acquisitions, and that trend should continue.

At the time of writing, the dividend provides a yield of 5%.

The bottom line

All five companies pay attractive dividends that should be safe and the stocks are currently trading at reasonable, or possibly oversold, levels.

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