3 High-Yield Stocks to Stick in Your TFSA Today

Description

The pullback in the stock market has finally given income investors an opportunity to pick up some attractive dividend yields from companies that have stable payouts and strong growth prospects.

Let’s take a look at three income stocks that might be interesting picks today.

Inter Pipeline (TSX:IPL)

IPL operates oil sands pipelines, conventional oil pipelines, natural gas liquids (NGL) extraction facilities, and a European storage business.

Aside from the European operations, which have suffered from a drop in utilization rates in recent quarters, the company is doing well, especially the NGL processing group.

On the growth side, IPL is building a $3.5 billion polypropylene facility that is expected to generate annual EBITDA of at least $450 million after its completion in late 2021. The company also just made a storage acquisition in Europe for $354 million and successfully raised $200 million to cover part of the transaction.

The dividend should be safe, and investors can pick up an annualized yield of 7.5%.

Keyera (TSX:KEY)

Keyera is another player in the midstream segment of the Canadian energy sector, with assets that span gathering, transportation, storage, processing, and marketing activities.

The company just reported Q3 2018 results that trailed the same quarter last year, and that is causing some grief for the stock. However, Keyera is ahead of 2017 for the first nine months of the year, with 2018 net earnings of $1.11 per share for the first three quarters compared to $1.08 per share for the same period in 2017.

The company expects to complete $1 billion in growth projects in 2018 and an additional $800-900 million in 2019. As a result, revenue and cash flow should get a nice boost in the coming years.

Keyera recently raised the dividend by 7%, and investors should see distribution growth continue. The current payout provides a yield of 6%.

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM)

CIBC currently trades at roughly 10 times trailing earnings. That represents a nice discount compared to some of its larger peers, and while the bank arguably carries more risk, the pullback in the past two months appears overdone.

CIBC has diversified its revenue stream through a major U.S. acquisition, and that should provide a hedge against any challenges that might come up in Canada. The bank carries a significant Canadian residential mortgage portfolio that pundits fear could cause grief if the property market tanks. That would certainly be negative, but CIBC can ride out a downturn and house prices across the board are holding up well, despite the sharp rise in interest rates over the past year.

CIBC's dividend should be very safe and currently provides a yield of 4.75%.

The bottom line

IPL, Keyera, and CIBC all appear somewhat oversold today and pay attractive distributions. If you have some money to invest in your income portfolio, it might be worthwhile to start nibbling on these stocks while they remain out of favour.

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