TFSA Investors: 3 Dividend Stocks on Sale Yielding Up to 7.3%

Description

TFSA accounts are gold mines for investors that are looking to buy, hold, and watch their portfolios grow over time. And the only thing better than a good dividend stock is one that's been on a decline lately and that could be due for a rally.

Below are three dividend stocks that have been struggling lately but that are still good, long-term buys.

Royal Bank of Canada (TSX:RY)(NYSE:RY) is Canada's top bank and there's lots to like about it. Not only could it stand to benefit from a rising-rate environment, but it also provides a great dividend yield of around 4% per year. The bank stock has increased its payouts multiple times over the past 12 months, and in five years RBC's dividend payments have grown from $0.67 to $0.98 for a compounded annual growth rate (CAGR) of 7.9%. At that rate, it would take a little over nine years for the bank's payouts to double in value.

RBC doesn't normally offer this high of a yield, but because the stock has declined around 7% in the past month, that has pushed its dividend yield up. Although this isn't a stock that you're going to expect to take off tomorrow or anytime soon, it can provide you with some stability and long-term capital appreciation. Over the past 10 years, RBC's stock price has doubled in value, and over three years it is up 25%.

The recent dip is a good opportunity to lock in this safe, growing dividend stock at a bit of a discount.

Premium Brands Holdings Corp (TSX:PBH) has declined around 15% in just the past three months despite posting record sales in its second quarter. The company has dozens of brands in its portfolio and continues to acquire and grow its business. In four years, the company's sales have more than doubled, and revenue in its most recent quarter was up by more than 30%.

Premium Brands pays a modest dividend of 2%, but its payouts have grown over time as well. In five years, dividend payments have risen by 52%, averaging a CAGR of 8.7%, which is even higher than RBC's. However, when there's a big delta between dividend yields, dividend growth becomes less of a factor and you're likely better off going with the stock that has the higher payment today. Nonetheless, Premium Brands can offer your portfolio opportunities for a lot of growth and dividend income over the years.

NorthWest Health Prop REIT (TSX:NWH.UN) can help diversify your portfolio in a number of different ways. Not only are you investing in healthcare real estate, but the REIT has a portfolio of properties spanning many countries and continents. There's a lot to like when it comes to diversification, and that diversity has helped the company grow as it too has doubled its top line in just four years' time.

Unfortunately, many REITs have struggled this year, and NorthWest is no exception to that, declining by 5% since the start of 2018. However, with a monthly dividend that yields more than 7.3% annually, it can provide you with a good stream of recurring cash flow.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. NYSE:RY (Royal Bank of Canada)
2. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
3. TSX:PBH (Premium Brands Holdings Corporation)
4. TSX:RY (Royal Bank of Canada)

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Author
djagielski