Need Instant TFSA Income? Here Are 3 Top Stocks With +5% Yields to Buy Now

Description

Hi again, Fools. I'm back to highlight three attractive high-yield stocks. As a quick refresher, I do this because stocks with high dividend yields

- can provide a hefty stream of income regardless of market conditions;
- display less volatility than the average stock; and
- tend to outperform the market over time.

Studies show that dividends make up more than 50% of the stock market's long-term total return. Thus, it makes perfect sense to give high-yield stocks plenty of attention — particularly for a TFSA account where the income and growth is tax free.

Without further ado, let's get to our list.

Smart selection

Kicking things off is **SmartCentres REIT** (TSX:SRU.UN), which currently boasts a dividend yield of 5.7%. Shares of the retail REIT are flat year to date versus a gain of 4% for the S&P/TSX Capped REIT Index.

Someone forgot to tell SmartCentres that "retail is dead." In its Q3 results earlier this month, rental income increased 8.4% to $126.6 million. More importantly, the company's adjusted cash flow from operations (ACFO) — a key metric for REITs — grew 8.3%.

In fact, SmartCentres's ACFO exceeded both its declared distributions and distributions paid by $16.4 million and $30.9 million, respectively, which should give shareholders plenty of comfort.

The stock also has a soothing beta of 0.3 to go along with its fat yield.

Steel of a deal

Next up, we have **Russel Metals** (TSX:RUS), which sports a dividend yield of 6.2%. Shares of the steel distributor are down 16% year to date, while the S&P/TSX Capped Industrials Index is up 3% over the same time frame.

Trade war-related trouble has weighed on the stock for the majority of 2018, but things are looking up for the new year. In its recent Q3, Russel's net income doubled to $68 million as revenue increased 34%. The gross margin also expanded an impressive 480 basis points. Management cited improved selling prices and increased volumes for the strong results.

The stock is on the volatile side. But with a dividend-payout ratio of just 47%, Russel's risk/reward trade-off looks enticing.

Seeing green

With a dividend yield of 5.7%, **Northland Power** (TSX:NPI) rounds out our list of attractive high yielders. Shares of the green-power company are down 7% year to date versus a loss of 9% for the S&P/TSX Capped Utilities Index.

Northland also seems to be heading into 2019 on a strong note. In its Q3 report earlier this month, net income spiked to $93.3 million as sales increased 19% to $54.9 million. Moreover, free cash flow per share jumped 38% to $0.36, reinforcing management's stated priority of delivering sustainable growth.

Currently, Northland has a highly comforting payout ratio of 59%. Couple that with a beta of 0.9, and you have a stock that's nicely suited for conservative types.

The bottom line

There you have it, Fools: three high-yield dividend stocks worth checking out.

As always, don't consider them formal recommendations. They're simply ideas for further research. A higher yield often comes with higher risk, so it's extra crucial to do your homework.

Fool on.

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1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:NPI (Northland Power Inc.)
2. TSX:RUS (Russel Metals)
3. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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bpacampara