



## 3 High-Yield Dividend Stocks for TFSA Income Investors

### Description

The pullback in the TSX Index is finally giving income investors an opportunity to buy attractive [dividend stocks](#) with above-average yields at reasonable prices.

Let's take a look at three companies that might be interesting income picks right now.

### Power Financial (TSX:PWF)

Power Financial is a holding company with interests in a number of insurance and wealth management businesses. In Canada these include majority stakes in **Great-West Lifeco** and **IGM Financial**. Through its own holdings and the positions held by the other subsidiaries, Power Financial also has an indirect majority position in Wealth Simple.

In Europe, Power Financial owns nearly 28% of Pargesa, which in turn has positions in a number of top European companies.

It all might seem a bit confusing, and to some extent it makes the process of evaluating Power Financial a touch difficult. You have to watch what is going on with all the other businesses.

That said, the pullback that has taken the stock from \$35 per share a year ago to \$24 appears overdone.

Power Financial reported Q3 2018 net earnings of \$578 million, or \$0.81 per share, compared to \$465 million, or \$0.65 per share, in the same period last year. Lifeco and IGM both had strong quarters, while results from Pargesa came in weaker than the previous year.

Rising interest rates should bode well for the insurance businesses, and while the stock market pullback is likely having an impact on the wealth management side, the overall outlook should be solid, given the strong economic situation in Canada and the United States.

Power Financial raised the dividend in May. The payout should be safe and currently provides a [yield](#)

of 6.6%.

## Enbridge ([TSX:ENB](#))([NYSE:ENB](#))

Enbridge is North America's largest energy infrastructure company with oil and natural gas pipeline and distribution assets across Canada and through the United States.

Management has simplified the company structure and sold nearly \$8 billion in non-core assets to shore up the balance sheet in 2018. The progress is ahead of schedule and should address a good chunk of the concerns investors have had about the stock in the past couple of years.

With more than \$20 billion in capital projects on the go, Enbridge expects to generate enough revenue and cash flow growth to support a dividend increase of 10% for 2019 and 2020.

The stock is down from \$50 at the beginning of 2018 to the current price near \$43 per share. At the time of writing, investors can pick up a 6.3% yield.

## Innergex ([TSX:INE](#))

Innergex is a leading player in the renewable energy market with solar, hydroelectric, wind, and geothermal power-generation facilities.

The company has grown in recent years through strategic acquisitions, and that trend should continue as the industry consolidates.

Free cash flow for the trailing 12 months that ended September 30 was \$97.5 million compared to \$88.9 million for the same period last year, so that number is moving in the right direction. The payout ratio, however, increased from 80% to 88% due to a dividend boost and an increase in the outstanding shares as a result of a significant acquisition. Investors will have to keep an eye on the payout ratio in the coming quarters, but the company is still able to cover the dividend comfortably, and recent acquisitions should boost cash flow going forward.

The stock is down from \$14.50 at the start of the year to just below \$13 per share. That puts the dividend yield at 5.3%.

## The bottom line

Power Financial, Enbridge, and Innergex all pay dividends that have increased this year and should be solid heading into 2019 and beyond. While more volatility could be on the way, the stocks appear reasonably priced today for a buy-and-hold TFSA income portfolio.

### CATEGORY

1. Dividend Stocks
2. Investing

### POST TAG

1. Editor's Choice

## **TICKERS GLOBAL**

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)
3. TSX:INE (Innergex Renewable Energy)

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