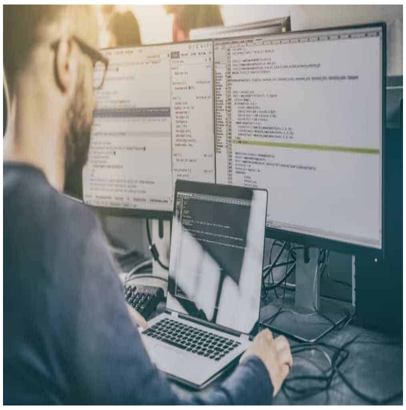

TFSA Investors: 2 High-Yielding Dividend Stocks to Add to Your Portfolio Right Now

Description

For investors, one of the benefits of the new year is more contribution room in a TFSA. The government has given Canadians an additional $6,000 for 2019, which is up from $5,500 in prior years. The cumulative contribution room is now $63,500 (for individuals that have been eligible since the TFSA was first created in 2009).

If you have a spouse, both of you can contribute to your own TFSA's, which effectively doubles the amount of investment dollars that you can shield from taxes. It's a great option for people with savings and that can take advantage of it. It does create one predicament, however, and that's in deciding where you should invest. After all, both dividends and capital appreciation are tax-free (on eligible investments) inside the account.

High-yielding dividend stocks are an appealing option for investors since they'll bring in a good size of recurring income for your portfolio. In addition, with the markets being down in recent months, it's also a good time to buy and take advantage of the recovery that's been happening lately.

A&W Revenue Royalties Income Fund (TSX:AW.UN) has risen 9% over the past year and it still pays a very strong dividend, yielding around 4.6% on an annual basis. The stock has increased its payouts multiple times over the past 12 months. In 2018, we saw three rate hikes as the dividend grew from $0.136 to $0.143, for an increase of more than 5%. The fund has gradually increased its dividend payments, a good indication for investors that things are going well.

In contrast, in 2017, A&W increased its monthly payouts only once, by 2.3%.

That's hardly surprising, as the fast-food chain has had a good year in 2018 with the Beyond Meat Burger proving to be big success at its pool of restaurants. In the fund's most recent quarter, revenues were up 26% year over year. It has also been able to net a profit in each of the past five quarters, providing investors with a lot of consistency.

The stock has a lot of upside as well, allowing investors to cash in on that along with a growing dividend.

First National Financial Corp (TSX:FN) is another appealing option for investors. And at a price-to-earnings multiple of around 10, it's a stock that could have a lot more room to grow than A&W. The past 12 months have been a bit volatile for the stock, but overall returns have been flat.

First National is a great dividend stock for many reasons. For one, its payouts have risen by 36% in five years. Like A&W, it provides investors with recurring monthly payout that can be great for those that need regular cash flow. For the past two years, First National has paid a special cash dividend just before Christmas. In 2018, it paid investors $1.00 per share, and in 2017 the special dividend was $1.25.

It's a great bonus for investors on top of an already high 6.6% yield. But it's not something that should be expected. However, it underscores the company's focus on compensating its investors with as good a dividend as much as possible — and that's what makes it a great dividend stock to own.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:AW.UN (A&W Revenue Royalties Income Fund)
2. TSX:FN (First National Financial Corporation)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date
2025/08/26
Date Created
2019/01/18
Author
djagielski