Turn Your TFSA Into an Massive Income Machine With These 8% Yielders

Description

High consumer debt levels, a slowing economy, a flattening yield curve, and a dovish U.S. Fed, among other concerns, has the Bank of Canada standing pat on interest rate hikes, at least for the near future. And although that's good news for a majority of Canadians who are deep in debt, it's not great news for investors who are overweight in cash. Rising inflation and potentially lower capital gains have most Canadians feeling like they're between a rock and a hard place.

Fortunately for those with ample cash in their TFSAs and not enough ideas to put it to work, there are mega-high-yielders with dividend/distribution yields north of the 8% mark. While such a high yielder may seem dangerous in a low interest rate environment, it's important to remember that the yield bar has been raised after all the rate hikes that we've endured over the last few years.

So, without further ado, here are two +8% yielders that not only have safe payouts but could have dividend/distribution hikes in store over the medium term to go with a lower magnitude of downside in the event of another market-wide pullback.

Automotive Properties REIT (TSX:APR.UN)

The auto industry is a clunker industry, especially when the economy slows down. So, why am I recommending Auto Properties REIT? It's a REIT that's been punished of late due to concerns over a peak economic cycle and potentially rising rates. While autos will definitely be crushed to a greater magnitude than the broader market, investors aren't considering the fact that Auto Properties REIT has ridiculously long multi-year leases that will leave the trust minimally impacted from a recession, if it is, in fact, in the cards over the next year or two.

At current levels, Auto Properties REIT has a 7.8% distribution yield. Given the length of the leases in the trust's book, investors shouldn't fear a drastic cut over the medium term. Auto Properties REIT will likely keep paying out a distribution in the depths of the next recession and will continue doing so until everybody on the Street is bullish once again.

Are you worried about inflation from potentially lower rates and an overly dovish Bank of Canada? Auto Properties REIT is a heck of a hedge too!

Inovalis REIT (TSX:INO.UN)

I'm a raging bull on Inovalis. It's my top +8% yielding stock, and although folks like Kevin O'Leary think that Canadian REITs are "poo poo," investors would be comforted to know that Inovalis is a European outlet with sought-after office properties located across hotspots in France and Germany.

If you're looking to lower your portfolio's correlation to the broader markets while getting paid a fatter distribution to do so, you can't go wrong with Inovalis. Add the trust's compelling property expansion plan into the equation and I think Inovalis is a market-beater in an uncertain economy like the one we're in right now.

The $235 million market cap may worry some, but when you discover how well capitalized the trust is, the yield (and potential capital gains) are a gift for Foolish investors looking to gain an edge.

Foolish takeaway

Sure, we're still in a rising rate environment, but with rates hovering around "normalized" levels, we could be standing pat for a lot longer than most expect, especially if the macro picture gets uglier. If you can't get significant capital gains in a potentially rising inflation environment, look to the big dividends to get you through.

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