



TFSA Investors: 3 Great Stocks Yielding Up to 8.2%

Description

Loading up on dividend stocks in your TFSA has one major advantage over other accounts. Any dividends received are tax free, leaving more capital intact to accelerate the compounding process.

Say your TFSA receives just \$1,000 worth of dividends each year, but you'd be paying a 15% tax rate on these distributions if they came from a taxable account. That difference doesn't seem like much today, but it really adds up over decades of compounding. Avoiding taxes inside a TFSA could increase your lifetime savings by \$50,000 — or even more.

Here are some great dividend stocks to buy for your TFSA today, shares that have some fantastic yields. One stock even pays more than 8% annually. Let's take a closer look.

Rogers Communications

It seems like **Rogers Communications Inc.** ([TSX:RCI.B](#))([NYSE:RCI](#)) doesn't get the attention that its peers attract, which is too bad. Shares are quietly up more than 23% over the last year, trouncing the performance of Rogers' two largest competitors.

Rogers owns an interesting array of assets, including one of Canada's largest wireless networks, cable TV and wired internet infrastructure, some of Canada's top television channels and radio stations, and stakes in various professional sports teams. Rogers is the sole owner of the Toronto Blue Jays and part owner of Maple Leaf Sports and Entertainment, which includes stakes in the Toronto Maple Leafs, Raptors, and Toronto FC soccer club.

Recent results have been solid, with revenue creeping up 5% and adjusted EBITDA up 9%. 2019's results should be fairly similar, with revenue projected to grow 3-5% and adjusted EBITDA expected to increase by 7-9%. This is exactly what investors should expect from Rogers — steady growth without a whole bunch of surprises.

And although Rogers doesn't pay quite as high of a dividend as its peers, with a current yield of just 2.8%, it has recently begun growing the dividend again after years of keeping it steady. Look for this

growth to continue.

National Bank of Canada

Continuing on our theme of overlooked companies, next up is **National Bank of Canada** ([TSX:NA](#)), Canada's sixth-largest financial institution. Many investors don't pay much attention to National Bank, choosing instead to focus their attention on Canada's five largest banks.

That's a real shame, because National Bank has plenty going for it. Despite outperforming the peer average over the last five years, shares still trade at a very reasonable valuation. The current forward P/E ratio is under 10 times, and the stock's price-to-book value is just 1.8 times. And the bank's dividend yield is almost exactly 4%.

Perhaps the most exciting part of a National Bank investment is the company's growth potential. The bank has virtually zero assets outside of Eastern Canada. It could expand into the western part of the country, perhaps by acquiring **Canadian Western Bank**. Or it could look internationally, adding a major purchase to assets located in markets like Cambodia, Mauritius, or Mongolia.

Alaris Royalty

After a couple of years during which the payout was on shaky ground, I believe investors can once again be confident in **Alaris Royalty Corp** (TSX:AD) and its 8.2% dividend.

Alaris makes strategic investments in partner companies, giving them capital in exchange for a special type of preferred share. The existing management team retains control, while Alaris (and its shareholders) get an attractive income stream. These investments often have a yield of 11-14%, with built-in escalators if certain financial benchmarks are achieved.

But sometimes these investments don't go exactly as planned, which is what's been happening over the last couple of years. One partner stopped making payments altogether, and has only started making partial payments again. And a couple of partners exercised exit clauses, which decreased ongoing income and put the dividend at risk.

Management responded with a couple of decent-sized investments toward the end of 2018, which should generate enough cash flow to push the dividend payout ratio down to approximately 90% of earnings. That's fine for now, at least until Alaris can make further deals to up its cash flow.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:RCI (Rogers Communications Inc.)
2. TSX:AD.UN (Alaris Equity Partners Income Trust)
3. TSX:NA (National Bank of Canada)

4. TSX:RCI.B (Rogers Communications Inc.)

PARTNER-FEEDS

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Author

nelsonpsmith

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