Attention TFSA Income Investors: 5 Attractive Stocks Yielding 5-8%

Description

Retirees and other TFSA income investors are constantly searching for quality stocks that pay reliable, above-average distributions.

Let's take a look at five companies that offer attractive yield and give investors exposure to a number of segments in the market.

Power Financial (TSX:PWF)

Power Financial is a holding company with interests in a basket of well-known Canadian insurance and wealth management businesses. It also holds a controlling position in Wealthsimple, a fintech disruptor.

The company reported solid results in 2018, and investors should benefit from the recently announced buyback of 7% of the outstanding shares. Power Financial also just raised the dividend by 5.2% for 2019, and the new distribution provides an annualized yield of 5.7%.

Vermilion Energy (TSX:VET)(NYSE:VET)

Vermilion Energy is an interesting player in the Canadian energy sector. The company has assets in Canada and the United States, which represents 60% of overall production, but the stock is often cited by pundits as an attractive pick for its overseas operations.

Vermilion Energy is the largest oil producer in France with facilities or interests in the Netherlands, Germany, and Ireland. In Australia, Vermilion has a 100%-owned offshore oil site. The global assets can sell oil production at Brent pricing, which is higher than Western Canadian Select or West Texas Intermediate prices. The international natural gas production fetches more than double the North American prices.

The rally in the oil market in 2019 should provide a nice boost to Vermilion Energy's margins, and the stock could see more upside through the end of the year.

Investors who buy today can pick up a yield of 8%.

Enbridge (TSX:ENB)(NYSE:ENB)

Enbridge is a giant in the energy infrastructure sector with oil and gas pipelines and natural gas distribution businesses in Canada and the United States.

The company also has interests in renewable energy including wind, solar, and geothermal projects.

Enbridge raised its dividend by 10% for 2019 and intends to boost the payout by a similar amount next year. The current distribution provides a yield of 5.9%.

RioCan Real Estate Investment Trust (TSX:REI.UN)

RioCan is reinventing itself to adjust to changes in the way people live and shop in Canada. The company is divesting $2 billion in non-core assets in secondary markets and is using the funds to buy back trust units and finance its mixed-used developments in six core cities.

The strategy of building condos and apartments above prime retail locations in Canada's largest urban centres makes sense as more people seek out these types of accommodations amid rising prices for detached and semi-detached properties.

RioCan pays its distribution monthly and provides and annualized yield of 5.6%.

BCE (TSX:BCE)(NYSE:BCE)

Income investors have relied on BCE's generous and reliable dividends for decades, a trend that should continue.

The company enjoys a wide moat and has the financial capacity to upgrade its wireless and wireline network infrastructure to ensure it meets rising broadband demand. The extensive media group provides BCE with access to prime content and the company even has retail locations across the country.

BCE has the power to raise prices whenever it needs some extra cash and generates adequate free cash flow to support the dividend. The current payout provides a yield of 5.3%.

The bottom line

All five companies provide attractive distributions that should be safe. An equal investment across the stocks would ensure good exposure to a variety of sectors and generate above-average yield for a buy-and-hold income portfolio.

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1. Dividend Stocks
2. Energy Stocks
3. Investing
4. Stocks for Beginners

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2. NYSE:ENB (Enbridge Inc.)
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