TFSA Investors: 3 Stocks to Launch Your Passive-Income Portfolio

Description

We could all use a few extra dollars each month.

Unfortunately, that often means working more, and with the evolution of mobile phones and ubiquitous internet access, most people are already putting in way more hours than in the past. At the same time, EVERYTHING is much more expensive than it was a mere 10-15 years ago.

What can Canadians do to boost their income without taking on a side gig?

One option is to buy reliable high-yield dividend stocks and REITs inside your TFSA. All the distributions are yours to keep, and in the event the share price or unit price increases you can decide to cash out and pocket the full value of the gains!

Let's take a look at five companies paying monthly distributions to help you launch your passive-income portfolio.

RioCan REIT (TSX:REI.UN)

RioCan owns shopping malls. That might not sound like an attractive place to put your money with all the news of major retail chains going bust, but RioCan's client base is diversified, and the company is going through an interesting transformation.

No single tenant represents more than 5% of RioCan's revenue, so the demise of a single client has a limited impact on the numbers, and recent history suggests it can actually work out to RioCan's benefit. Demand remains robust for space in RioCan's malls, and the company is replacing big tenants, such as Target Canada, with new leases that provide higher overall revenue.

In addition, the company is selling off about $2 billion in properties located in secondary markets and using the funds to repurchase trust units and finance mixed-use developments in the top-six urban markets. As the developments are completed and begin to generate revenue, investors should see steady cash flow to support the distribution.

RioCan's current payout provides an annualized yield of 5.5%.

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

Vermilion Energy operates oil and natural gas production sites in the United States, Canada, Europe, and Australia. The international production fetches higher natural gas and oil prices due to its access to global markets. This is attractive in an environment of rising energy prices.

Vermilion Energy raised the dividend last year, and the payout ratio guidance for 2019 sits at roughly 90%, so the distribution should be safe. Investors who buy the stock today can pick up a yield of 8.75%.

Shaw Communications (TSX:SJR.B)(NYSE:SJR)

Shaw sold its media division to **Corus Entertainment** and used the funds to help finance the acquisition of Wind Mobile, which it subsequently re-branded as Freedom Mobile.

The company continues to invest in the necessary network upgrades to make the group a national competitor, and indications to date suggest Freedom Mobile is holding its own in the market. The addition of the wireless business gives Shaw the ability to offer mobile, internet, and TV bundles to compete with its peers.

Shaw is the only major Canadian communications firm that pays its dividend monthly. Once the company gets through the bulk of the capital program to build the mobile network, investors should see a return to dividend growth. The current payout provides a yield of 4.3%.

The bottom line

RioCan, Vermilion Energy, and Shaw Communications all pay attractive monthly distributions that should be safe. An equal investment in the three names would provide exposure across a variety of sectors and generate an average annualized yield of better than 6%.

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TICKERS GLOBAL

1. NYSE:SJR (Shaw Communications Inc.)
2. NYSE:VET (Vermilion Energy)
3. TSX:REI.UN (RioCan Real Estate Investment Trust)
4. TSX:SJR.B (Shaw Communications)
5. TSX:VET (Vermilion Energy Inc.)

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aswalker