Supercharge Your TFSA With 3 High-Dividend-Paying Stocks

Description

A good number of investors prefer dividend stocks because they're one of the easiest ways to create an annuity-like income stream. Over time, the top dividend payers also increase their payouts. The cash received regularly could form part of your regular income. It's basically a no-frills solution to supercharge your TFSA.

Apart from having a predictable cash flow stream, dividend stocks are viewed as less risky than growth stocks. There's also an opportunity to reinvest dividends to further boost your TFSA. Hence, if you desire to earn a steady income while protecting your investment, three high-dividend-paying stocks come to mind.

BCE (TSX:BCE)(NYSE:BCE), **Shaw Communications** (TSX:SJR.B)(NYSE:SJR), and **Suncor Energy** (TSX:SU)(NYSE:SU) are great additions to your investment basket. Owning all stocks would yield an average dividend rate of roughly 5%. That's a respectable payout coming from three well-established Canadian entities.

A taste of old and new

BCE and Shaw belong in the communication services sector. Both provide diversified telecom services. The former has been around for 229 years while the latter is more than five decades old. Since telecommunications in Canada is an oligopolistic industry, only a handful of operators partake of the huge profits.

The older BCE is perhaps the best in class because the scope is nationwide. Long-time investors have been enjoying dividend increases over the years. The annualized dividend yield of 5.32% is among the highest. Holders of BCE are invested primarily because of the high dividends and not expecting much from price appreciation.

BCE and Shaw are on equal footing in terms of performance. The stocks are up more than 10% yearto date. Shaw's annualized dividend yield is 4.35%, which definitely suits long-term investors. Just like BCE, this $14 billion telecom is well run and well managed.

BCE is expected to gain market share with their fibre-to-the-home network, while Shaw will garner a bigger slice of the 5G spectrum. But overall, more free cash flows are forthcoming for both companies.

Defensive holding

Suncor is not only a high dividend payer but a defensive stock as well. This $69 billion and 66-year-old company will always stand out as a good investment prospect. Many integrated energy companies suffered a decline in 2018, but Suncor somehow managed to outperform industry peers.

Suncor is in green territory and the current price of $43.88 is a +15.07% improvement from its year-end price. Investors in the oil industry pick this stock as a defensive holding. If you're anticipating a surge in oil prices, owning shares of an oil producer is a clever hedging strategy.

Operating income grew +46.4% in 2018, which is a feat considering the industry challenges. The 10.26% profit margin is respectable, while the almost 4% annualized dividend yield is appealing. With the strong Q1 2019 earnings, analysts are upbeat. In the next 12 months, Suncor could rise by +43.5% to $63.

The trio's current prices are reasonable entry points. Nothing beats a portfolio of dividend stocks that deliver high yields.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:SJR (Shaw Communications Inc.)
3. NYSE:SU (Suncor Energy Inc.)
4. TSX:BCE (BCE Inc.)
5. TSX:SJR.B (Shaw Communications)
6. TSX:SU (Suncor Energy Inc.)

PARTNER-FEEDS

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

Category

1. Investing

Date
2025/07/03
Date Created
2019/05/12
Author
cliew