



2 Stocks to Splurge on With Your Tax Return

Description

Investors wishing to splurge with their tax returns can do so with high-yield dividend stocks. Two names that would start the ball rolling and set you on cruise control are **Alaris Royalty** (TSX:AD) and **TransAlta Renewables** ([TSX:RNW](#)). One is a niche play, while the other is a subsidiary of an established IPP.

The common attraction of this pair to investors is the dividend yield of almost 7%. That's superb and higher than market average. Imagine shelling out less than \$20 and receive [market-beating returns](#). However, it's still your lookout to conduct due diligence prior to making an investment decision.

Business excellence

Alaris is basically a niche play in the credit services industry. This \$699.3 million private equity firm is a royalty stream company that forges "partnerships" with private companies. By providing the needed capital to sustain operations, Alaris is paid back in the form of equity dividend distributions.

Ongoing business concerns across all industries need not compromise or muddle their present equity ownership. Alaris participates in the partnership through non-control preferred equity ownership. Corporate partners do not have to yield operational control of the business or expect a change in the corporate culture.

Alaris's target partners are lower- and middle-market companies. But only companies with proven track records and can show historical free cash flow of more than \$3 million can avail of this innovative investment structure. Hence, startups can't be partners as well. There's no way business will suffer when the partners are market leaders.

Go green

Six-year-old TransAlta Renewables is a subsidiary of **TransAlta Corp.** It develops, owns, and operates renewable power-generation facilities. This \$3.6 billion company has hydroelectric, wind, and solar

facilities plus a solitary natural gas pipeline. The energy is distributed in Canada and Australia.

The prospects are bright for well-run renewable energy companies that [value investors](#) are beginning to pump in huge investments. Competition in the renewable energy sector already is heating up. Many governments are shifting to renewable energy and willing to grant subsidies.

That is precisely the reason why investors are suddenly showing heightened interest in TransAlta Renewables. People are expecting an explosion in the renewable energy sector. And it's only a matter of time. You just look at the increasing demand for alternative and cheaper energy sources. Going green is inevitable.

Optimize your extra income

Alaris will always be on top of its game for as long as it maintains its rigid partner selection process. The company's profit margin is currently at 66.32%. Meanwhile, TransAlta Renewables is destined to be a crackerjack stock in the very near future. If you're after a fantastic business with long-term growth potential, RNW is your stock.

Alaris and TransAlta Renewables are not over-performing stocks but undoubtedly two of the most interesting investment choices around. Both pack hefty dividend yields that are hard to dismiss. You have twin opportunities to optimize your extra income and binge on your tax returns.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:AD.UN (Alaris Equity Partners Income Trust)
2. TSX:RNW (TransAlta Renewables)

PARTNER-FEEDS

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

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