



TFSA Investors: 3 Safe Passive-Income Stocks Yielding up to 8.2%

Description

It is possible to have a [higher yield](#) without taking on higher risk. You just need to do your homework and be picky and insist on not only dividend safety, but a firm's ability to support generous and frequent dividend increases over time.

Here's are three passive-income stocks with safe payouts and the means to reward long-term shareholders with raises over the long haul.

TransAlta Renewables

Renewable energy stocks like [TransAlta Renewables](#) ([TSX:RNW](#)) aren't just a way to get that warm feeling that comes with ESG-friendly stocks. Sure, you're using your wealth to help change the world for the better, but you're also getting a wonderful business that's riding a powerful long-term secular tailwind with a bountiful 6.73% dividend yield.

Indeed, renewables are a rare breed. Highly regulated projects allow the firm the financial flexibility to juggle a big payout with enough cash on hand to finance growth initiatives. Growth and dividend growth are what you're getting with such names, and TransAlta is one of the cheapest names in the space at just 15.9 times next year's expected earnings and 10 times EV/EBITDA.

For a company growing its top line and free cash flow at a double-digit percentage rate, that's a screaming bargain, even after the recent +40% trough-to-peak rally.

Brookfield Renewable Partners

Sticking with the renewables theme, we have **Brookfield Renewable Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)), one of the TSX index's hottest stocks in the first half of 2019. Like TransAlta Renewables, Brookfield Renewables can reward its shareholders with significant dividends without compromising on growth.

What makes me even more bullish on the name is the fact that the CEO sees an opportunity in India, an emerging market that can realistically deliver substantial alpha moving forward.

Brookfield has a diversified mix of renewable assets, but what has me more encouraged is the proven management team that knows how to create value for shareholders. The 5.91% yield at the time of writing may be less bountiful, but it and the stock have ample room to run. And best of all, the price of admission is still low at a ridiculous 8.37 times EV/EBITDA.

Inovalis REIT

Rounding off this list, we have an 8.2%-yielding REIT in **Inovalis** ([TSX:INO.UN](#)). Technically, it isn't a dividend stock; it's a REIT with a distribution, but I think the distribution is both safer and "growthier" than most investors would expect from a name with such a massive upfront yield.

For those unfamiliar with the name, it's a mid-cap REIT with sought-after office properties located in French and German hot spots. Yes, it's weird that a European-focused REIT trades in Canada, but it's actually one of the TSX's best-kept secrets, as you don't always come across a +8%-yielding security that isn't down substantially from its all-time highs.

At the time of writing, Inovalis is off less than 5% from its high and is gearing up for another leg of growth as it looks to add to its small, but powerful portfolio of properties. A safe 8% and the potential for distribution growth wouldn't have been possible had Inovalis been a multi-billion-dollar behemoth.

While the \$238 million market cap may imply it's a riskier investment, the AFFO and its growth potential suggest otherwise.

Foolish takeaway

Whether you're looking for a "growthy" high yielder or a somewhat "growthy," extremely high yielder, the three securities on this list are top picks for the income hungry at today's valuations.

If I had to choose one, I'd have to go with Brookfield Renewables, because with the "Brookfield" name, you know you're getting quality assets and competent managers. The dirt-cheap valuation is also compelling for those seeking the highest total return over time.

Stay hungry. Stay Foolish.

CATEGORY

1. Dividend Stocks
2. Energy Stocks

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
3. TSX:INO.UN (Inovalis Real Estate Investment Trust)

4. TSX:RNW (TransAlta Renewables)

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