



TFSA Investors: 3 Rock-Solid Dividend Stocks Yielding up to 9.3%

Description

Many investors like to stuff their TFSA with dividend-paying stocks to begin the process of creating a [passive-income stream](#) in retirement.

Passive income is all the more valuable inside a TFSA, because you'll never pay a nickel of tax on those dollars. That cash can be reinvested before it's needed to augment living expenses, which helps to create an even larger income stream.

Let's take a closer look at three stocks that would look great in anyone's TFSA today — dividend payers with yields as high as 9.3%.

National Bank

For years, **National Bank of Canada** ([TSX:NA](#)) was a forgotten member of our dominant banking cartel, relegated to also-ran status because it was merely the sixth-largest bank in Canada. Many investors ignored the company, despite it boasting enviable qualities, like better growth potential, a cheaper price-to-earnings ratio than its peers, and consistently solid results.

The market has finally woken up to this opportunity, which has resulted in National Bank shares outperforming many of its peers over the last three to five years.

After years of being criticized for focusing operations specifically in Quebec and Ontario, the company has finally started taking expansion efforts seriously. It acquired foreign operations in Asia and Africa, with one notable acquisition being a 90% stake in ABA Bank in Cambodia. And the company also recently expanded into the United States with an 80% stake in Credigy, which specializes in consumer lending.

National Bank shares are still relatively cheap, trading at just over 10 times 2020's expected earnings. The stock yields 3.9%, a payout with a history of excellent dividend growth behind it.

Choice Properties

Choice Properties REIT ([TSX:CHP.UN](https://www.tsx.com/stocks/choice-properties-reit)) has transformed itself after being spun out of **Loblaw Companies** back in 2013.

The company has acquired various types of new properties and developed other projects to diversify its portfolio away from grocery stores. The current portfolio consists of 576 retail properties, 112 industrial properties, 15 office properties, four multi-family buildings, and a number of development projects. The total portfolio generated more than \$300 million in rent in its most recent quarter alone and is diversified across Canada.

Recent results were solid, with funds from operations hitting \$0.75 per share for the first three quarters of 2019. That puts the REIT on track to generate \$1 per share in funds from operations for 2019, which is a reasonable valuation. Occupancy is an impressive 97.8%.

This is all good news for the stock's dividend, which currently checks in at a robust 5.5% yield. The payout ratio is a hair over 70%, which is among the lowest in the sector. You can count on the distribution over the long term.

Boston Pizza

I've saved the [best yield](#) for last. Thanks to a disappointing quarter, **Boston Pizza** ([TSX:BPF.UN](https://www.tsx.com/stocks/boston-pizza)) shares now yield a jaw-dropping 9.3%. It's an excellent time to start amassing a long-term position in Canada's largest fast-casual restaurant chain.

The big reason for the disappointing quarter were dismal same-store sales numbers. The all-important metric in the restaurant business decreased more than 4% in the quarter and more than 2% thus far in 2019. Reasons for the decline include increased competition from delivery service apps for other restaurants, higher menu prices from an increased minimum wage in Ontario and Alberta, and continued poor results from Alberta.

It wasn't all bad news, however. Net income actually increased versus the same period last year because 2018 saw the company deal with some one-time tax issues. Management pledged to increase marketing and promotional spend to get butts back in seats, too. And the opening of new restaurants helped stem some of the damage.

It also looks like the company's generous 9.3% dividend is sustainable, with a payout ratio ever so slightly above 100%. That should creep down over the long term, as same-store sales recover and sales from newly opened locations get added to the royalty pool.

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2. TSX:CHP.UN (Choice Properties Real Estate Investment Trust)
3. TSX:NA (National Bank of Canada)

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