New TFSA 2020 Limit Is $6,000: 3 Stocks to Buy

Description

I hope the new year brings happiness and profits to all fellow Fools. One of the best Christmas gifts investors got this year is the added contribution limit for their TFSA. The $6,000 addition to the total TFSA contribution has brought it to $69,500 — just half a grand shy of $70,000.

It might not seem like much of enhancement, but even at this rate, the TFSA has the potential to make you a millionaire with the right investments and the power of compounding. For now, let's take a look at three stocks with a juicy yield of 5% that you should consider for your TFSA in the coming year.

Aerospace connoisseur

Exchange Income (TSX:EIF) has an extensively diversified portfolio of companies related to aerospace. The company has a well-defined acquisition strategy that has allowed it to stay airborne for a very long time. EIF's market value grew by about 250% in the past 10 years. This year has been one of the best in the company's recent history, with growth of almost 57%. Currently, the company is trading at $45.23 per share.

Significant growth isn't the only reason why Exchange Income is on this list. The company also has a proud history of increasing payouts consecutively for 10 years. Currently, the yield is at 5.11%.

A telecom leader

BCE (TSX:BCE)(NYSE:BCE) is the largest telecom company in the country in terms of market cap ($55 billion) and enterprise value ($85.56 billion). It's also a long-standing Dividend Aristocrat, thanks to consecutive increases in its payouts for 10 successive years. The yield this year is still a juicy 5.21%, better than the other two telecom giants.

BCE has the most extended fibre-optic network in the country as well as the largest LTE network. The company is well equipped to provide Canadian consumers with the long-awaited 5G technology and faster wireless internet speeds. BCE also has an extensive reach in the media, with more than 215 radio music channels and 200 websites. This reach, steady clientele, and the fact that the country's telecom sector is an oligopoly bode well for BCE's future.

An underdog REIT

The high dividend yield is almost always one of the significant factors behind choosing a REIT as an investment. And though **Northview Apartment** (TSX:NVU.UN) has a mouth-watering return of 5.44%, it's not that high if you compare it to REITs in general. But this REIT brings other things to the table, like 50% growth in the past three years and a very stable payout ratio of 31.55%.

Northview Apartment is also highly profitable. It has a profit margin of 94.5% and a decent return-on-equity of 21.7%. At the current rate of $29.71 per share, the company is quite undervalued right now. The price-to-book ratio is 0.95, and it has a trailing price-to-earnings ratio of a mere 4.88.

Foolish takeaway

All three of the companies are stable and highly likely to keep up their dividend streaks. If you pour all your TFSA contribution for 2020 equally in all three companies, you will be getting a monthly payout of about $300.

Apart from the payouts that you can depend upon, you will also be growing your capital gains, because Exchange Income, BCE, and Northview are all expected to keep up a healthy growth rate. A combination of growth and dividends is reason enough to keep all three companies on your radar.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

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2. TSX:BCE (BCE Inc.)
3. TSX:EIF (Exchange Income Corporation)

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