TFSA Investors: 3 Stable Stocks Yielding as High as 5.9%

Description

Hello, Fools! I'm back to highlight three high-yield dividend stocks. As a reminder, I do this because high-yield dividend stocks

- provide a healthy income stream in both good and bad markets; and
- tend to outperform the market over the long run.

The three stocks below offer an average dividend yield of 4.8%. So, if you're looking to boost your tax-free TFSA income in 2020, these three stocks are a good place to start searching.

Renewed interest

Leading off our list is pipeline giant **Northland Power** (TSX:NPI), which boasts a dividend yield of 4.5%.

Northland's healthy dividend continues to be supported by strong scale (about 2,430 megawatts of operating generating capacity), stable cash flows, and attractive global opportunities (400 MW of capacity under construction). In the most recent quarter, income increased 19% on revenue growth of 8%.

More importantly, free cash flow improved an impressive 14%.

"Most significantly, we acquired EBSA, a high-quality regulated Colombian utility," said CEO Mike Crawley. "EBSA operates under a stable regulatory environment with an inflation-protected perpetual cash flow and is expected to serve as a platform for future growth for Northland in Colombia."

Northland trades at a forward P/E in the mid-teens.

Green machine

With a dividend yield of 4.1%, financial services giant **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) is next on our list of high yielders.

TD's solid diversification (Canadian retail, U.S. retail, and wholesale banking), massive scale (total assets of $1.4 trillion), and regulatory protection should continue to fuel hefty long-term dividends. For the full-year 2019, EPS increased to $6.25, as revenue grew to $41.1 billion.

More importantly, TD's capital ratios and return on equity remained relatively steady.

"In 2019, we demonstrated the strength and resilience of our franchise as we continued to acquire and serve our customers while increasing loan and deposit volumes," said CEO Bharat Masrani. "Throughout the year, we generated earnings growth amidst a challenging macroeconomic environment while we made strategic investments to strengthen our business, deliver for our customers, and modernize and simplify our operations."

TD shares currently trade at a forward P/E around 10.

Smart choice

Rounding out our list is retail real estate company **SmartCentres REIT** (TSX:SRU.UN), which sports a fat dividend yield of 5.9%.

SmartCentres continues to lean on its stable occupancy ratios, recession-proof portfolio, and solid cash flows to deliver healthy dividends for shareholders. In the most recent quarter, funds from operations — a key cash flow metric in the REIT sector — increased 3% to $97 million.

More importantly, committed occupancy also improved to 98.2%.

"We made tremendous progress in the third quarter towards our goal of creating a much more diversified trust with enhanced rental income, FFO, and NAV growth opportunities," said CEO Peter Forde.

SmartCentres shares currently trade at a P/E in the mid-teens.

The bottom line

There you have it, Fools: three top high-yield stocks worth checking out.

As always, don't view them as formal recommendations. Instead, look at them as a starting point for more research. A dividend cut (or halt) can be especially painful, so you'll still need to do plenty of due diligence.

Fool on.

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TICKERS GLOBAL

1. NYSE:TD (The Toronto-Dominion Bank)
2. TSX:NPI (Northland Power Inc.)
3. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)
4. TSX:TD (The Toronto-Dominion Bank)

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