TFSA Investors: This 1 High-Yield Dividend Stock Is a Great Buy for 2020

Description

If you are after a potentially lucrative stock to really grow your TFSA, then **Rogers Sugar** (TSX:RSI) stock is worth looking into.

While this sugar stock isn't the most exciting, it is still one of the best buys for this year, offering a deliciously high yield, dependability, and shares at a huge bargain price.

A sweet deal

Ever since Rogers Sugar switched from an income trust back into a regular corporation, the company has managed to sustain a remarkably high annual dividend payout for its investors. It has even paid out special dividends in the past years a couple of times.

Right now, the dividend yield is at 7.5%. If you invest $50,000 today, you can expect monthly earnings of $312.5.

Another plus side for the company is its dependability. While the company is fairly mature, there is still room for growth, as we see a steady rise in demand for its products. The company also faces little competition in the Canadian market, having few competitors in the country and shielded by tariffs from imported sugar.

Between September 2017 and September 2019, Rogers Sugar experienced steady growth in revenue from $682.5 million to $794.3 million.

Furthermore, the company's stock is trading close to its 52-week low at 4.88 at the time of this writing. This was largely due to its decision to allow lesser profits on its maple syrup subsidiary as means to protect its market share, which didn't exactly sit well with investors. This presents the company's stock as a considerable bargain for new investors.

Million-dollar TFSA

Historical records may not show the company’s stock to be delivering serious upside; its trading price today is in the same range as shares traded back nearly a decade ago.

However, this shouldn’t discourage you from adding this stock option to your TFSA portfolio. The company has been a secure, high-dividend payer for decades, and this trend is unlikely to change anytime soon.

This stability means that if you were to invest $70,000 in a tax-sheltered account such as a TFSA or RRSP today, contribute $5,000 per year going forward, and reinvest the dividends, in 28 years, you would have earned enough on your investments to be able to call yourself a millionaire.

Of course, it is never a good idea to invest all your savings into just one stock, no matter how dependable it may be. The best strategy is to diversify your portfolio with multiple high-dividend stocks.

Summary

2019 wasn’t exactly the best year for Rogers Sugar, with the company seeing a dip in its stock price and, for the first time in four years, reporting a negative income.

However, its management is more positive about the company’s prospects this year, expecting a return to positive territory, as the company diversifies, expands its line of products, and starts seeing higher profit margins from its maple syrup business. Roger Sugar is a solid dividend stock to add to your TFSA account.

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