3 Ways to Earn As Much As 5.3% (While Keeping the CRA Away)

Description

Hi there, Fools. I'm back to highlight three top high-yield dividend stocks. As a reminder, I do this because solid 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 4.2%. So, if you're looking to boost your tax-free TFSA income in 2020, these three stocks are a good place to start searching.

Without further ado, let's get to it.

Fuelled for success

Kicking things off is methanol producer **Methanex** (TSX:MX)(NASDAQ:MEOH), whose shares sport a healthy dividend yield of nearly 4%.

Despite highly volatile methanol prices, Methanex's dividend continues to be supported by strong scale (it's the world's largest methanol producer), an extensive global supply chain, and a shareholder-friendly management team. In the most recent quarter, management returned $27 million in dividends to shareholders even as revenue climbed 32% to $723 million.

Moreover, Methanex ended the quarter with an impressive $857 million of cash on its balance sheet.

"We continue to prudently manage our business by maintaining a strong balance sheet and sufficient liquidity to navigate the cyclical nature of our industry," said CEO John Floren.

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

Have a seat

With a solid dividend yield of 3.3%, furniture store giant **Leon's Furniture** (TSX:LNF) is our next high yielder.

The company's dividend continues to be backed by a strong balance sheet, hefty cash flow, and a strong competitive position (Leon's is Canada's largest furniture and appliance store). In the most recent quarter, for example, adjusted EPS improved 4.8% to $0.44 as revenue clocked in at a record $601.36 million.

More important, net debt totaled just $20.27 million at the end of the quarter, a drastic decline from $76.3 million in the year-ago period.

"In an environment that continues to challenge retailers in general, our team maintained its focus on delivering top line growth while generating targeted efficiencies," said CEO Edward Leon.

Leon's trades at a forward P/E of around 12.

Imperial leader

Closing out our list financial services giant **Canadian Imperial Bank of Commerce** (TSX:CM)(NYSE:CM), which offers a solid dividend yield of 5.3%.

CIBC leans on massive scale (total assets of $651.6 billion), a highly regulatory environment, and a diversified business model (personal banking, commercial banking, and wealth management) to deliver secure dividends to shareholders. In the most recent quarter, for instance, earnings clocked in at $5.4 billion as revenue improved 7% to $4.8 billion.

More important, CIBC's dividend payout ratio remains at a highly comforting 47%.

"Across CIBC, we will continue to simplify and streamline our operations, optimizing our efficiency, and changing our cost structure," said CEO Victor Dodig. "This will enable us to make strategic investments in tools, talent and technology that will support our growth."

CIBC shares currently sport a forward P/E of 8.7.

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.

CATEGORY

1. Dividend Stocks

TICKERS GLOBAL

1. NASDAQ:MEOH (Methanex Corporation)
2. NYSE:CM (Canadian Imperial Bank of Commerce)
3. TSX:CM (Canadian Imperial Bank of Commerce)
4. TSX:LNF (Leon's Furniture Limited)
5. TSX:MX (Methanex Corporation)

Category

1. Dividend Stocks

Date
2025/09/30
Date Created
2020/02/01
Author
bpacampara