TFSA Dividend Investing: 3 Top Stocks Yielding as High as 5.8%

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;
- usually come from stable industries; and
- tend to outperform the market over the long run.

The three stocks below offer an average dividend yield of 4.5%. So, if you're looking to boost your tax-free income in 2020, these three stocks are a good place to start searching.

Without further ado, let's get to it.

Husky value

Leading off our list is oil and gas company **Husky Energy** (TSX:HSE), which currently offers a fat dividend yield of 5.8%.

Weak energy prices and operational hiccups continue to weigh heavily on the stock, but now might be an opportune time for investors to jump in. Recently, the company said it would cut capital spending by $500 million over the next couple of years ($100 million in 2020 and $400 million in 2021), suggesting that the dividend remains relatively safe.

"What we're seeing is that (the reductions) will generate forward savings of about $70 million … per year," said CEO Rob Peabody. "We're going to continue those efforts to capitalize on the fact we've created a more focused and a simpler company."

Husky shares are off more than 40% over the past year and trade at a forward P/E of 12.

Fortis of solitude

With a healthy dividend yield of 3.3%, electricity giant **Fortis** (TSX:FTS)(NYSE:FTS) is our next high-yield play.

Fortis continues to lean on massive scale advantages ($52 billion in total assets), a diversified business model (electricity, gas, infrastructure), and a highly regulated operating environment to deliver fat dividends to shareholders.

In fact, management continues to target average annual dividend growth of about 6% through 2024.

"We are optimistic about the trends occurring in our industry, including the move to cleaner energy and electrification," said CEO Barry Perry in the most recent quarterly report. "Our focus on these areas along with our efforts to strengthen our energy networks is driving growth in our business."

Fortis shares are about 20% over the past year and trade at a forward P/E of 21.

Sunny disposition

Rounding out our list is energy giant **Suncor** (TSX:SU)(NYSE:SU), which currently offers a solid dividend yield of 4.5%.

Suncor's dividend continues to be backed by stable cash flows, long-term oil sands growth, and an attractive portfolio. In fact, just a few days ago, management announced an 11% increase to its quarterly dividend.

The divided boost comes even as Suncor posted lower-than-expected quarterly earnings, confirming just how reliable the payout is.

"Since the start of 2017, we have paid $7.1 billion in dividends and repurchased $6.7 billion of shares, representing over 9% of our outstanding common shares, demonstrating our commitment to shareholder returns," said CEO Mark Little.

Suncor shares are down nearly 10% over the past year and trade at a forward P/E in the low 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.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:FTS (Fortis Inc.)
4. TSX:SU (Suncor Energy Inc.)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date
2025/07/21
Date Created
2020/02/09
Author
bpacampara