TFSA Stocks: 2 Top TSX Dividend Picks With Up to 13% Yields

Description

Climate change is a compelling reason to jump into green economy stocks, while divesting of fossil fuels is likely to be a mainstream portfolio divestment thesis for the 20s.

More immediate impacts from climate events could also drive growth. For instance, Californians responding to wildfire-induced blackouts are expected to propel a localized fourfold leap in sales of residential battery storage systems this year.

And while traditional hydrocarbon producers may find themselves out of pocket as the decade unfolds, disrupting technologies such as solar and wind power are likely to keep attracting investment growth as the renewables megatrend keeps gathering momentum.

But there are other ways to play the natural resources space without adding to the country's carbon footprint. In fact, there are high-return stocks and solidly defensive dividends that can add both wealth and stability to a Tax-Free Savings Account (TFSA) without becoming overexposed to energy. Investors should consider materials stocks, and today we will take a brief overview of two of the very best on the TSX.

While its P/B ratio displays a company trading at its book price, other value indicators show that **Chemtrade Logistics Income Fund** (TSX:CHE.UN) is selling at the overpriced end of the scale.

Never mind technicalities, though: Chemtrade pays a huge dividend and it's extremely well supported. Packing such a stock in a TFSA can accrue high long-term returns.

While a 13.68% isn't unheard of, the fact that Chemtrade's rate was supported throughout the financial crisis of 2008 is notable. Another reason why investors can trust this sizeable payout lies with Chemtrade's standing as a distribution giant in Canada and the U.S.

A wide-moat play for chemicals essential in both major sectors and speciality industries, this rich-yielding dividend stock is TFSA-worthy.

Chemtrade stock can help diversify a **TSX** portfolio that currently lacks industrial exposure. Its sheer size makes the business defensively cost competitive, further securing that wide moat. Its monthly payments add to the attraction of this stock, providing a rewarding alternative to quarterly dividends.

Paying a lower yield, but operating its own well-established chemicals' empire is **Methanex** (TSX:MX)(NASDAQ:MEOH). A strong addition to the value-oriented investor's portfolio, Methanex's solid 4.2% yield may be a third of Chemtrade's, but the methanol producer displays value as well as moatyness that add up to a buy.

Investors need only look to Methanex's subsidiary ocean tanker network, Waterfront Shipping, to see how well established the Methanex name is.

A strong buy for TSX stockholders seeking exposure to low volatility supply chain dominance, the methanol giant is a bargain at $44.66 a share – far below its 52-week high of $84.

The bottom line

From boom to bust, oil stocks are on their way down – but is it the end of an era or will fossil fuels bounce back? With some investors still not sold on the divestment thesis or unsure of green power upside, buying chemical stocks offers a way to stay invested in the materials space and carry on growing wealth without worrying too much about market disruption from the green power revolution.

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TICKERS GLOBAL

1. NASDAQ:MEOH (Methanex Corporation)
2. TSX:CHE.UN (Chemtrade Logistics Income Fund)
3. TSX:MX (Methanex Corporation)

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