



## TFSA Investor: 1 High-Yield Dividend Stock That Yields Up to 4.96%

### Description

In the auto parts and manufacturing sector, the leading and more popular name has always been **Magna** ([TSX:MG](#))([NYSE:MGA](#)). However, a new [high-flyer](#) is emerging and threatening to dislodge the former high flyer.

TFSA investors should watch out for **New Flyer Group** or **NFI** ([TSX:NFI](#)). The race is on to attract investors, but NFI appears to have the edge because of its higher dividend yield.

### Former hot stock

I wrote about Magna last month as [a great addition to a stock portfolio](#) because the gains this year could be significant. Analysts' sentiment on the stock is bullish, and they are forecasting the price to increase by 25.14% from \$67.92 to \$85.

I believe it's still a good call if you factor in the 2.75% dividend. Performance-wise, the stock can only manage to show gains of 25.53% and 3.3% in the last three years and one year, respectively. Year to date, Magna is down 4.66%.

This \$20.48 billion company is the supplier of auto parts to the top car manufacturers in the West, but the slump in the global auto industry due to the protracted trade war forced the business to slow down.

With the world economy returning to normal, expect Magna to recover lost ground. The company is looking to dominate the advanced driver-assisted systems (ADAS) market. Magna has the head start since its ADAS and related products such as cameras, sensors, and gears are for use in electric and autonomous vehicles.

### Potential high-flyer

If Magna is the leading supplier of auto parts, NFI is the leading global independent bus and coach manufacturer. It's also a service and parts provider to the large vehicles mentioned. The market

capitalization (\$2.09 billion) of NFI is smaller versus Magna, but the dividend yield of 4.96% is more attractive.

By comparison, a \$20,000 investment in Magna will produce a \$687.50 tax-free income in a TFSA. On the other hand, the same investment amount in NFI will generate a \$1,240 tax-exempt passive income.

Over the last few years, NSI lost by 15.41% and gained by 4.34%, respectively. The growth potential seems to favour NFI. Analysts are expecting the company to grow annually by 31.4% in the next five years.

According to Management, New Flyer carries industry-leading vehicles embedded with the latest technology. The company also offers a wide range of environmentally responsible drive systems.

NFI's vision is to enable the future of mobility. In order to make the vision come true and achieve long-term success, the company is providing innovative and sustainable transportation solutions. The NFI team is composed of 9,000-strong members are working in 50 facilities that you can find in ten countries.

The NFI family is big. There are seven brands from heavy-duty transit buses, medium-duty buses, and motor coaches to parts and service support plus fiberglass plastics.

## Exciting race

NFI is flying under the radar. TFSA investors should keep a close watch on the stock and await its full-year 2019 financial results on March 12, 2020.

The race between a former hot stock like Magna and an upstart like New Flyer is shaping up to be an exciting one.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:MGA (Magna International Inc.)
2. TSX:MG (Magna International Inc.)
3. TSX:NFI (NFI Group)

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