TFSA Investors: Don’t Miss This 12%-Yield Dividend Stock

Description

If you’re a new TFSA investor who’s been rattled by the headlines that have been using that ominous “d” word (*depression*), there are ways to justify buying in the middle of a crashing market, as volatility goes above and beyond what you’re accustomed to.

We could be in for more pain, with an L-shaped recovery, or we could be at the bottom, with a V- or W-shaped recovery. Nobody knows, but it’s essential not to pay too much merit to shallow bottom calls, because they could prevent you from scooping up the opportunities of today, as you wait for a floor that may never be reached.

A great way for beginners to buy market crashes is to look to good, old-fashioned dividend stocks.

Capital gains come and go, but paid dividends are yours forever. And if you can spot a firm in great financial health with a solid track record of growing one’s dividend or keeping it intact during times of turmoil, you’ve got a chance to “lock-in” a sizeable and safe yield that’ll be yours to keep, whether or not shares bounce back.

A restaurant play that could actually do relatively decent during a pandemic

Consider **Pizza Pizza Royalty** (TSX:PZA), a 12.3%-yielding pizza play that’s taken a massive hit amid the coronavirus crisis. Restaurants have suffered a brunt of the damage of late, and Pizza Pizza wasn’t spared, despite being a restaurant with an impressive delivery capacity to feed the folks who are in self-quarantine.

Yes, Pizza Pizza is a quick-service restaurant, but I like to see it as a way to play the “stay-at-home” economy that’s become more pronounced amid the coronavirus pandemic. People are staying athome, and many are reluctant to go to the crowded grocery store. Fortunately, Pizza Pizza is one ofthose few restaurant plays that was designed with delivery in mind. As such, I think shares of the pizzakingpin shouldn’t have sold off as violently as the broader basket of restaurant stocks.

Shares of PZA have fallen 42% YTD following a massive 50% decline suffered between 2017 and 2018, bringing shares down a staggering 64% from their 2017 all-time highs. Shares now sport a colossal 12.3% yield that I believe to be safe given the royalty company’s capital return structure.

While Pizza Pizza did have a boat-load of baggage before the coronavirus crisis, I think that the recent sell-off is overblown beyond proportion. The appetite for pizza isn’t going anywhere soon. With creative offerings including alt-meat toppings and cauliflower crusts, I’d say Pizza Pizza is one of the most bountiful plays out there for value-conscious income investors looking to give themselves a beefy raise.

Foolish takeaway

It’s painful to see your TFSA down by a substantial sum amid the market crash. It can feel like a chore to hang in, let alone continue buying shares of companies.

With a battered play like Pizza Pizza, the massive 12.3%-yielding distribution will make the pain less pronounced, as we navigate through this sea of red. You’ll collect a handsome payment on a regular basis, regardless of whether we’re in for a U- or L-shaped recovery after the market bottoms, whenever this may be.

It’s rare to get a double-digit yield that’s safe unless we’re in times of crisis. We’re in a crisis right now, and it may be a long time till we’re in the next one, so now is as good a time as any to scoop up a high-yield bargain while they’re out there!

Stay hungry. Stay Foolish.

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TICKERS GLOBAL

1. TSX:PZA (Pizza Pizza Royalty Corp.)

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