TFSA Investors: 3 Dividend Stocks That Are Yielding up to 8.1%

Description

Now that the dust is starting to settle after an earnings season weighed down by the coronavirus, it's a good time to look at which dividend stocks are still offering attractive payouts. With their share prices down, many of them are paying better-than-normal yields. Here are three stocks that can still be good long-term buys to put into your Tax-Free Savings Account (TFSA) today.

NFI Group

NFI Group (TSX:NFI) makes electric and environmentally friendly vehicles, including buses. It's a great way to invest in the future and a greener environment. It's a long-term play, but one that can lead to significant returns years from now. In the company's most recent results, released on May 7, NFI saw year-over-year sales growth of 25%, as vehicle deliveries were strong. However, NFI noted that COVID-19 will likely push some deliveries that customers planned for 2020 into 2021, impacting the company's results later this year.

The company did reduce its dividend earlier this year. But with quarterly payments of $0.2125, NFI's stock is still yielding around 5.4% per year. There's certainly some risk here that there could be another adjustment to the dividend depending on how the company performs during the pandemic. For investors who want to be extra cautious, it's advisable to wait for when the company reports its second-quarter results in August to confirm how strong NFI looks during the pandemic.

But this is definitely a dividend stock that investors should keep an eye on. It pays a promising dividend, and it has a bright future ahead of itself.

Shares of NFI are down around 40% year to date.

Extendicare

Extendicare (TSX:EXE) hasn't cut its payouts, and the company's monthly dividend payments of $0.04 are currently yielding 8.1% on an annual basis. A big part of the reason for the high yield is that the stock is down more than 25% since the start of the year, but its dividend payments have remained intact.

COVID-19 has created some near-term risks for care facilities, and Extendicare is currently battling outbreaks at some of its locations. As of May 14, the company reported that 13 long-term-care homes as well as two retirement communities had potential cases of COVID-19. Extendicare has had to scale back some of its operations. And that’s had a negative impact on its financial performance this year.

However, the company was still able to post a profit during the first quarter of fiscal 2020. And it’s been in the black in each of the past 10 quarters. Over the long term, Extendicare shows a lot of potential growth. Canada’s senior population is only going to increase in the coming years.

TransAlta Renewables

TransAlta Renewables (TSX:RNW) is another solid long-term pick that will only get more popular in the future. The renewable energy company has solar, hydroelectric, natural gas, and wind facilities that put TransAlta in a great position to benefit from the growing demand for safer and greener sources of energy. When the company released its first-quarter results, TransAlta said that it remains “fully operational and capable of meeting our customers’ needs” despite COVID-19.

Although the company’s revenue was down during Q1, TransAlta continued to post a profit. But that’s something the company’s consistently done over the past 10 periods. TransAlta has been remarkably consistent, generating at least $110 million in revenue in five of the past six quarters, with Q1 being no exception to that.

This is another monthly dividend stock, and its payments of $0.07833 yield 6.8% annually. Shares of TransAlta are down 10% since the start of the year. It’s the only stock on this list that’s outperformed the TSX thus far — the index is down 13% year to date.

CATEGORY

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TICKERS GLOBAL

1. TSX:EXE (Extendicare Inc.)
2. TSX:NFI (NFI Group)
3. TSX:RNW (TransAlta Renewables)

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