TFSA Investors: 3 High-Yield TSX Dividend Stocks That Are Still Cheap

Description

The Canadian stock market's significant recovery makes it hard to find stocks offering good value. However, there are a few fundamentally strong **TSX s**tocks that are still trading cheap and offer high-yield too.

Investors should rush to buy these TSX stocks while they are still low. Moreover, using your Tax-Free Savings Account (TFSA) is an ideal way to invest in these stocks. I have emphasized several times that the TFSA is one of the best investment vehicles to create wealth in the long term. You get to keep all your dividends, interests, and capital gains as they are not taxed.

Without further ado, let's focus on TSX stocks that are trading cheap and offering high-yield.

Enbridge

With an attractive yield of 7.6%, **Enbridge** (TSX:ENB)(NYSE:ENB) is top TSX dividend stock for your TFSA portfolio. Further, its stock is down about 15% year to date, providing a good entry point for value-seeking investors.

Its resilient business and diversified cash flows continue to support its payouts. Enbridge, being a Dividend Aristocrat, has consistently increased its dividends over the past several years. Moreover, its dividends have grown at a compound annual growth rate (CAGR) of 14% in the past 12 years, which is encouraging.

Investors should note that Enbridge's mainline volumes are likely to witness gradual improvement in the coming quarters. Meanwhile, its contractual arrangements imply that it could continue to report strong adjusted EBITDA despite near-term challenges.

TFSA investors looking for value and high-yield can consider buying Enbridge stock.

Bank of Montreal

With its shares down over 26% this year, **Bank of Montreal** (TSX:BMO)(NYSE:BMO) offers good value for TFSA investors. Besides, Bank of Montreal also has the longest-running history of dividend payments, at 191 years.

Though low-interest rates and high provisions make bank stocks unattractive in the near-term, investors can buy Bank of Montreal for its dividends. For those who don't know, Bank of Montreal's dividends has increased at a compound annual growth rate (CAGR) of over 6% in the past 15 years, thanks to its ability to generate strong net earnings and improved efficiency. Moreover, its high yield of 5.7% is secure.

Bank of Montreal's ability to drive its asset portfolio despite the tough operating environment is likely to support its top line. Further, the bank is well capitalized and is focusing on improving efficiency, which implies that its payout target of 40-50% is pretty safe and sustainable in the long run.

TC Energy

TC Energy (TSX:TRP)(NYSE:TRP) stock continues to trade in the red despite its resilient and low-risk business. Similar to Enbridge, it continues to benefit from long-term rate-regulated contractual arrangements.

TC Energy's EBITDA and earnings continue to grow, thanks to the high utilization of its assets. The company's strong earnings despite disruptions from the pandemic should continue to support its payouts in the coming quarters.

Its high dividend yield of 5.1% is very safe and could continue to grow at a high-single-digit rate in the coming years. In the last 20 years, TC Energy's dividends have grown at a CAGR of 7%. Meanwhile, the company projects 8-10% growth in its dividends for fiscal 2021.

Bottom line

These three TSX stocks offer a stable and high dividend yield and are suitable for your TFSA. Dividends and capital gains generated within your TFSA will not be taxed, thus boosting your returns on withdrawal.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks

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1. NYSE:BMO (Bank of Montreal)
2. NYSE:ENB (Enbridge Inc.)

3. NYSE:TRP (Tc Energy)
4. TSX:BMO (Bank Of Montreal)
5. TSX:ENB (Enbridge Inc.)
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