TFSA Investors: 3 Dividend Stocks Yielding Up to 7.7%

Description

Do you have room in your Tax-Free Savings Account (TFSA) to add some dividend stocks? Below are three top dividend stocks from various industries that can help you diversify your portfolio while generating recurring cash flow for you. They vary in risk and yield and give you plenty of options to choose from to suit your investing style:

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Loblaw

Loblaw Companies Limited (TSX:L) is a good dividend stock for risk-averse investors. The company owns many popular retail and grocery stores across the country and can provide long-term stability for your portfolio. When the company released its second-quarter results on July 23 for the period ending June 13, its sales of $12 billion grew at a rate of 7.4% from the same period last year. It's an impressive feat given the challenges many businesses face this year due to COVID-19 to even maintain last year's sales numbers, let alone grow them.

Stability is why you'll like this stock, as it's up around 3% year to date, while the **TSX** is down by 3%. Loblaw currently pays a quarterly dividend of $0.32, which yields 1.9% annually. It's not the highest yield out there, but it can boost your overall returns from owning the stock while still delivering some consistent cash flow every quarter. And with shares of Loblaw trading at a forward price-to-earnings (P/E) ratio of 16, it's not an expensive buy like many other stocks are today.

Canadian Utilities

Canadian Utilities (TSX:CU) is a utility company and not only does it offer stability but it's got an even better dividend than Loblaw. Currently paying $0.4354, you'll be earning a dividend yield of 5.2% if you invest in this stock today. But what makes the stock an even better investment to put in your TFSA is that it pays a high yield and been increasing its dividend payments for decades.

Five years ago, Canadian Utilities' quarterly dividend was $0.295 and the company's hiked those payouts by 48% since then, averaging a compounded annual growth rate of 8.1% during that time. It's a high rate of growth; if it were to continue it would take just nine years for the company's dividend payments to double.

The company's shares are down 15% this year, pushing its current yield up. Its forward P/E is 17 and this is another fairly priced stock that you won't be paying a premium for and that you can hold for many years.

Enbridge

Enbridge Inc (TSX:ENB)(NYSE:ENB) pays the highest yield on this list, but it's also the riskiest stock of the three to have in your portfolio. It pays a quarterly dividend of $0.81 which yields 7.7%. The energy infrastructure company's increased its payouts over the years. The big question mark is whether it will do so again this year.

With the oil and gas industry not particularly strong and many companies slashing or suspending their dividend payments, Enbridge may have a difficult decision to make in the coming months. Last year, it increased its dividend payments by 9.5%, a figure that might be too optimistic this time around, assuming an increase is announced at all.

Shares of Enbridge have fallen 17% this year and the stock's also trading at some modest multiples, at a forward P/E of less than 17. If you decide to invest in Enbridge, it's probably a good idea to keep a close eye on the stock as the oil and gas industry's even more volatile during the coronavirus pandemic.

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