TFSA Investors: 2 Dividend Stocks Yielding Up to 8.9%

Description

Are you looking for a way to grow your Tax-Free Savings Account (TFSA)? Investing in dividend stocks is a solid way to boost your wealth and below are two solid income-producing investment you can put in your TFSA to earn a great yield, with one of them paying as much as 8.9% per year:

Rogers Sugar

Rogers Sugar (TSX:RSI) is an attractive stock to buy right now for multiple reasons. For one, the company sells sugar and maple products. Pandemic or not, people are still going to be consuming those items and that's why its business still looks stable over the long term. While there may be a decline for its products as restaurants operate at reduced capacities, Rogers can adjust its production capacity and plan accordingly. While a drop in demand may impact its bottom line, the company's business model still looks to be in good shape.

In its most recent earnings report, for the period up until the end of June, Rogers remained profitable with a modest net income of $6 million, and its sales of $206 million were up 7.9% year over year.

Although shares of Rogers tumbled during the market crash in March, it's recovered since then and year to date the stock is about where it started 2020 at. While investors haven't earned much of a return from the stock, they haven't incurred losses, either. But you can earn a great yield from the stock as Rogers currently pays investors about 7.3% per year.

Pembina Pipeline

Pembina Pipeline (TSX:PPL)(NYSE:PBA) is a bit of a riskier buy than Rogers but it offers investors a more attractive dividend in return. The oil and gas company pays its shareholders $0.21 every month which yields 8.9% annually. It's a top yield that on a $25,000 can generate more than $2,200 in annual income for your portfolio.

Shares of Pembina are down more than 40% this year, sending its dividend yield soaring. Earlier this year, the stock was trading at more than $50 per share. At that price, it would Pembina's dividend would only be yielding 5%.

But the big question for investors is whether the dividend can remain intact. Pembina hasn't cut its dividend this year despite a tough outlook for the industry and amid falling oil prices.

In the company's most recent earnings results, Pembina stated that it expects "to exit 2020 in a strong financial position" and that it will be able "to fund a stable and growing dividend." Not only is Pembina confident in its ability to maintain the current dividend, but it's also not ruling out future increases, either. This year's monthly payment of $0.21 is up slightly from the $0.20 that Pembina was paying shareholders in 2019.

For the quarter ending June 30, Pembina continued to report free cash flow of $431 million — well above the $384 million that it paid out in dividends during the period. The company credits its broad diversification and "highly contracted commercial framework" as to how it's been able to weather the storm thus far.

Sales of $1.3 billion were down 30% from the prior-year period but the company still recorded a net income of $253 million for the quarter.

Pembina could make for an attractive contrarian buy for investors who love a high-yielding dividend and who are okay with taking on some risk.

CATEGORY

1. Dividend Stocks
2. Investing

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2. TSX:PPL (Pembina Pipeline Corporation)
3. TSX:RSI (Rogers Sugar Inc.)

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