The 2 Best High-Yield Stocks for Canadians to Buy Right Now

Description

The stock market may be frothy, but that doesn't mean that aren't bargains out there. Unlike passive investors, stock pickers can pick the cheap high-yield dividend stocks that nobody cares for while avoiding the prominent speculative bubbles that continue to float around.

In this piece, we'll have a look at two promising reopening plays that could be in a spot to take-off in the latter part of the year, as the COVID-19 pandemic inches closer to an end.

While each income stock is likely to be wildly volatile over the near-term, I do think strong-stomached passive-income investors have a lot to gain by going against the grain at this market crossroads.

Top high-yield stocks for value-conscious Canadians

So, without further ado, consider shares of **SmartCentres REIT** (TSX:SRU.UN) and **TC Energy** (TSX:TRP)(NYSE:TRP). One battered retail real estate play, and one bruised pipeline kingpin, sporting commanding yields of 7.7% and 5.7%, respectively.

Each name has its own unique slate of headwinds that will persist well after the horrific coronavirus is gone. But at today's depressed valuations, each name gives investors a good shot at locking in a swollen dividend (or distribution) yield alongside decent capital gains from a potential year-end correction to the upside.

SmartCentres REIT

SmartCentres REIT is a battered strip mall property play that I've been buying personally in recent months. Nothing is unsexier than mall REITs these days. While the "death of the shopping mall" thesis has been widely subscribed to amid the continued rise of e-commerce in this pandemic-plagued environment, I ultimately think that we'll witness a remarkable reversion to the mean when it comes to physical shopping trends.

I'm in the belief that the future of retail lies both on and offline. Why else would Amazon.com care to gain a presence in the realm of the physical?

SmartCentres anchors Amazon's top competitor in Wal-Mart and is likely to keep foot traffic strong through another round of lockdowns and in the post-pandemic world. With rent collection levels likely to normalize this year, I view the near-8% yield on SRU.UN shares as more than safe.

TC Energy

TC Energy is a wonderful midstream player that managed to climb its way back to new highs in early 2020 after slogging through a tough energy environment that's persisted since the 2014 crash in oil prices. Everything was going so well for the pipeline kingpin until the COVID-19 pandemic sent shares into a tailspin that brought shares down over 30% from peak to trough. The stock eventually bounced back, only to plunge to even lower depths at $50 and change.

Today, shares are off 26% from their highs, thanks in part to uncertainties relating to the fate of the Keystone XL project, which President-Elect Biden is not a huge fan of. Regardless, TC Energy is a top performer with a diversified mix of energy transportation assets and a mouth-watering yield near 6%.

For value-focused income investors, TRP's value proposition is too good to ignore at this juncture. The yield is safe, and it'll probably continue growing at a good rate over the coming years, as the world heals from the pandemic.

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TICKERS GLOBAL

1. NYSE:TRP (Tc Energy)
2. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)
3. TSX:TRP (TC Energy Corporation)

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Date
2025/08/21
Date Created
2021/01/20
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