The Best Passive-Income Stocks to Add to Your TFSA

Description

The COVID-19 pandemic has changed the nature of work for millions of Canadians. Of course, the dream for many of us is never to work again. One of the first steps to achieving that goal could be the establishment of a [passive-income empire]. That can be accomplished by owning rental properties, publishing a book, or opening an e-commerce store. Today, I want to explore how TFSA investors can gobble up passive income with dividend stocks. Let's dive in.

This healthcare stock offers nice passive income

Extendicare (TSX:EXE) is a Markham-based company that provides care and services for seniors across the country. Its shares have dropped 7.2% in 2021 as of early afternoon trading on January 29. The stock is down 21% year over year. Healthcare stocks, especially those geared towards senior care, are well worth targeting during the COVID-19 pandemic.

This company released its third-quarter 2020 results back in November. Revenue rose 10% year over year to $296.8 million. This was partially driven by increased COVID-19 funding. Adjusted EBITDA surged $39.9 million to $63.8 million. Moreover, adjusted funds from operations (AFFO) jumped $29.1 million year over year.

Shares of Extendicare currently possess a favourable price-to-earnings (P/E) ratio of 11. Better yet, Extendicare offers a monthly dividend of $0.04 per share. That represents a monster 7.8% yield. This is a great start for those hungry for passive income.

Add this top REIT to your TFSA in February

Northwest Healthcare Properties (TSX:NWH.UN) is another healthcare stock I'm bullish on to start 2021. This real estate investment trust provides investors with access to a global portfolio of high-quality healthcare real estate. Shares of Northwest Healthcare have climbed 14% year over year at the time of this writing. Northwest offers attractive passive income and is a worthy defensive stock in this environment.

In Q3 2020, Northwest reported net operating income of $72.2 million — up 3.4% from the prior year. Its portfolio occupancy was stable at 97.2%. Northwest stock still has a favourable P/E ratio of 15 and a price-to-book value of 1.5. That makes it a solid value target right now.

Best of all, this stock offers a monthly distribution of $0.067 per share. This represents a tasty 6.1% yield.

An energy stock that can help build your passive-income portfolio

Keyera (TSX:KEY) is the final dividend stock I want to look at for investors today. This company is engaged in the energy infrastructure business in Canada. Its shares have dropped 25% year over year. Energy stocks were pummeled due to the COVID-19 pandemic. However, improving demand and a recovering economy has bolstered oil and gas prices.

This energy stock offers a great chance at strong passive income. In Q3 2020, Keyera reported adjusted EBITDA of $705 million in the year-to-date period. This was up from $683 million for the same period in 2019. Distributable cash flow came in at $586 million or $2.66 per share — up from $435 million, or $2.04 per share. Keyera offers a monthly dividend of $0.16 per share, representing a fantastic 7.9% yield.

CATEGORY

1. Investing

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1. TSX:EXE (Extendicare Inc.)
2. TSX:KEY (Keyera Corp.)
3. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

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