3 High-Yield Stocks at Jaw-Dropping Prices

Description

If you are looking to start a passive-income stream, preferably tax-free from your TFSA, one of the easiest ways is to buy high-yield dividend stocks. If you manage to find the right stocks, you won't just be able to get a decent payout, but you might also have a sustainable passive-income source on your hand — one that *might* not get "thinner" during harsh economic market conditions.

In many cases, high-yield stocks also tend to come with discounted prices and fair (or under) valuation. This makes them a smart purchase from a valuation perspective as well. However, you may have to compromise or completely give up on adequate capital growth potential.

An equity firm

Alaris Equity Partners Income Trust (TSX:AD.UN) comes from a Calgary-based capital market company. The company aims to invest in companies and businesses that require capital to sustain or grow but don't want to give up control of their company. Alaris partners up with them, provides an adequate amount of equity, and reaps financial benefits.

First, let's go over the weak points of Alaris. The financial statement of this trust is not stable. It might have significant revenues for one quarter and almost no income in another. It also switched from a monthly payout structure to quarterly, which resulted in a slight drop in the overall yearly payouts. The payout ratio is still quite high.

The good news is that the revenues are picking up the pace. The company offers a mouthwatering yield of 7.9%, and it's still available for a 33% discount compared to its pre-crash valuation.

An iron ore royalty company

Labrador Iron Ore Royalty (TSX:LIF) is a Toronto-based company and one of North America's major producers of high-quality iron ore pellets. The Canadian company is operated by a U.K.-based mining group, which is the majority shareholder in Labrador.

One of the major reasons to consider investing in Labrador is that it offers more than just solid dividends. It offers decent capital growth potential as well. Even though it wasn't consistent, its five-year CAGR of 34% is quite impressive. The cherry on top is the juicy 7.9% yield. And the best part is that the stock is very attractively valued, with a price-to-earnings ratio of just 11.

A mortgage company

Another company that offers nearly the same yield (i.e., 7.8% at a safe payout ratio of 77.7%) is **MCAN Mortgage** (TSX:MKP). The company has recovered its pre-crash valuation, and it's now growing to new heights, though it might be reasonable to assume that its current growth bout is powered by the aggressive residential mortgage market, and the share price might slow down if the housing market crashes.

But it's still an attractive buy from a yield and a valuation perspective. It has a price-to-earnings ratio of 9.9 and a price-to-book ratio of 1.2 times. The revenue has picked up a lot of pace since the middle of 2020.

Foolish takeaway

If you can invest $10,000 apiece in the three companies, you might be looking at a monthly payout of $197. That's a decent enough amount, especially if it's in your TFSA, because it won't impact your taxable income. If you don't want to use it to augment your income, you can use it to build a cash reserve or invest it back to beef up your payouts.

CATEGORY

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks

TICKERS GLOBAL

1. TSX:AD.UN (Alaris Equity Partners Income Trust)
2. TSX:LIF (Labrador Iron Ore Royalty Corporation)
3. TSX:MKP (MCAN Mortgage Corporation)

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