TFSA Investors: 3 High-Dividend Stocks With Super-High 7% Yields

Description

The TFSA is an amazing investment tool for a wide variety of reasons, and one of them is that it offers tax sheltering in real time. Unlike an RRSP, or IRA/401(K) across the border, you don't have to wait till retirement to reap the tax benefits of this wonderful account. You can leverage this in different investment strategies, and one of them is starting a passive income with super-high-yield dividends.

While a single-digit 7% yield might not seem like "super" high to some investors, it's important to take more than just the yield into account. A double-digit yield might seem highly attractive until the company decides to slash or suspends its payouts due to a cash crunch. Reasonably high (and potentially sustainable) payouts are better than extremely high but uncertain ones.

A REIT

Unless they are sector specific, most lists of high-yield TSX stocks tend to include one or two REITs, thanks to their generous payouts. This list is no exception. **BTB REIT** ([TSX:BTB.UN](#)) is offering a mouthwatering yield of 7.3%, and while it's no guarantee, there is a high probability that the REIT isn't going to slash its dividends anytime soon. That's because it had already slashed its dividends in 2020.

2020 wasn't very rough for the revenues and net income of the company, and the financials have started showing signs of normalcy, which is another reason why BTB might not slash its dividends. The payout ratio of 172% is quite high, but the REIT *has* sustained its dividends through payout ratios above 100% (for two out of the past six years).

A CRE financial solution company

Timbercreek Financial ([TSX:TF](#)) is a relatively young Toronto-based company that offers shorter-duration financial solutions to commercial real estate. This is a roundabout way of saying that it offers commercial property loans that big banks and other more mainstream mortgage lenders won't touch. This allows it to cater to a relatively high-risk market and allows them to set relatively higher rates.

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The last quarter of 2020 was one of the worst years for the company's finances, as its revenues took a dip to the single digits, but it has turned things around in the first quarter of 2021. It's offering a compelling yield of 7.4% to its investors.

An asset management company

Fiera Capital (TSX:FSZ) is a Montreal-based asset management firm with about $172 billion worth of assets under its management. By assets under management, it's the third-largest firm in Canada and 142nd in the world. The bulk of the company's capital is invested in public markets around the globe and a relatively small fraction in the private markets.

The firm has been growing its revenue quite steadily for the past five years, and it saw a decent rise even in 2020. The company finished the year strong, and its March 2021 revenue is just one million short of the March 2020 number, which indicates that everything is back to normal, financially speaking.

It's offering a juicy yield of 7.8%, sustained by a highly unsustainable yield. It was growing its dividends before 2019, but the payouts have been static for the last two years.

Foolish takeaway

If you have a decent sum tucked away in your TFSA, somewhere around $50,000, you might be able to start a sizeable passive income with the three high-yield stocks. But if you are working with relatively limited capital, a good idea might be to reinvest the dividends and forget about the companies. This might have the potential to turn them into decently size passive-income streams in the future.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:BTB.UN (BTB Real Estate Investment Trust)
2. TSX:FSZ (Fiera Capital Corporation)
3. TSX:TF (Timbercreek Financial Corporation)

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