2 High-Yield Stocks to Counter the Rising Cost of Living

Description

Maintaining a decent cost of living and ensuring that inflation and prices of goods and services across the spectrum rise at a steady pace is one of the main jobs of the government and its financial bodies. While even a government can't control prices rising due to international supply-and-demand fluctuations, there is a lot it can do in this regard.

The Bank of Canada (BoC), for example, is determined to keep inflation in check. There are a lot of measures — some light, others quite aggressive — that BoC and other financial bodies can take to keep prices in check, other than increasing benefit payments.

But you might not want to rely solely on the government to solve these problems for you. While there is precious little you can do to keep the cost of living in the country in check, you *can* maintain *your* cost of living at manageable levels. Even if you can't adopt a fully frugal lifestyle, some frugal habits might still help you keep your expenses lower.

You can also start a passive or a second income to match the rising cost of living, and one way to do it is by stashing high-yield dividend stocks in your TFSA.

A REIT

While **Nexus REIT's** (TSX:NXR.UN) 5.3% yield is still juicy enough, it was even more attractive up until November 2020. The stock has risen at a powerful pace of 90% since then, which is unusual for this relatively slow stock. Before the pandemic crash, the stock's valuation was almost static, but ever since the market crash, it has turned into a powerful growth stock.

The good news is that the valuation is still near fair territory; however, if the stock keeps rising like this, it may change soon. At its current yield, the company can offer you about $88 a month if you invest $20,000 in it. That might not seem enough, but it's more than enough to offset the impact of rising inflation and the cost of living. If you can wait for the stock to normalize, you might be able to lock in an even more attractive yield.

An investment management company

If you are looking for a higher yield, one option you may want to consider is the Montreal-based investment management firm **Fiera Capital** (TSX:FSZ). The company has about $179.5 billion worth of assets under management and a well-diversified portfolio of clients. The company serves both private wealth and institutional clients and has a large geographical reach, including Europe and Asia.

The company is still trading at a 17% discount from its pre-pandemic price, but it's aggressively overvalued, with a price-to-earnings ratio of 104. The price-to-book ratio of 2.7 is high but not at the same level as the price-to-earnings ratio. And even though it doesn't offer a lot of capital growth potential, its 7.8% yield is reason enough to put this stock in your TFSA for passive income. With $20,000 invested, it can offer you a monthly income of $130.

Foolish takeaway

The two generous dividend stocks are enough to give you a raise that might help with the rising costs. And if the companies stay profitable, you might see an increase in the payouts. But the two stocks are purely dividend stocks, and any capital appreciation you might get would be the secondary benefit and not a factor you might want to consider when vetting these stocks.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:FSZ (Fiera Capital Corporation)
2. TSX:NXR.UN (Nexus Real Estate Investment Trust)

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Date
2025/08/17
Date Created
2021/08/19
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