



3 Cash-Printing Dividend Machines for Your TFSA

Description

Dividend stocks tend to offer more peace of mind than growth stocks. Even though the fear that a dividend stock might reduce or suspend its dividends if it's financially devastated (like **Suncor** and a few REITs in 2020), you don't have to keep as close (and as vigilant) an eye on these stocks as you have to do with growth stocks.

Dividends produced from these stocks can also be put to several different uses, especially if they are in a flexible tax-sheltered account like the Tax-Free Savings Account (TFSA). You can reinvest them, use them to invest in other companies, pile them up for larger expenses, or keep accumulating the cash as an emergency reserve. However, a lot of investors use their TFSA dividend stocks as a passive income stream.

And if you are planning on building or adding to your dividend-based income stream, there are three stocks that should be on your radar.

A high-yield fund

Many funds tend to dilute the power of [dividend stocks](#) present within them and usually offer paltry dividend returns. That's not the case with **Canoe EIT Income Fund** ([TSX:EIT.UN](#)), however, since the fund offers a mouthwatering dividend yield of 9.8%. Even if you invest just \$15,000 from a fully-stocked TFSA in this fund, you'll be able to start a passive income stream of \$123 a month.

At a price-to-earnings of 2.45, despite a 28.5% climb in the last 12 months, which sent the fund over its pre-pandemic high, EIT is also a bargain from a valuation perspective. The top 25 equities, which make up over three-quarters of the fund (by weightage), include industry leaders and well-established blue-chip businesses from both Canada and the U.S.

A generous REIT

The Montreal-based **BTB REIT** ([TSX:BTB.UN](#)) is still trading at a steep discount (25.5%) to its pre-

pandemic price, but it's slightly overvalued. And even though the company had to slash its dividends in 2020, the payout ratio is still 100%. Still, the REIT is unlikely to slash its dividends again so soon and risk alienating the investors.

And with that confidence, you might consider locking in the generous 7.3% yield the REIT is offering. With \$15,000 invested in it, you can expect a monthly income of \$91 per month. The financials are a bit shaky but being a commercial REIT that relies heavily on office properties, BTB still has room to recover. Once we are past the new wave and everyone is back in the office, BTB's rental revenues might turn things around.

A world leader

While being the maple syrup leader of the world is not as "cool" as being the financial or tech leader, it's still a distinction and a competitive advantage that **Rogers Sugar** ([TSX:RSI](#)) offers to its investors. Another advantage [the company](#) offers is a sweeter-than-its-syrup yield of 6.5% at a relatively safe payout ratio of 87%. The price right now is fair, but the company offers bare minimum capital appreciation potential.

It's a stable company with a diverse B2B and B2C business and several products that are household names, at least in the country. It also has no major competitors and might not be dethroned as the industry leader in maple syrup and one of the leaders in the processed sugar industry of North America.

Foolish takeaway

Two of the three companies managed to sustain their dividends despite the harsh financial blow the pandemic dealt with the economy in general and the companies specifically. If you lock in the generous yields they are offering now; you can start a reliable and sizeable passive income stream from [your TFSA](#) that can help alleviate some of the burdens from your regular income.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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2. TSX:EIT.UN (Canoe EIT Income Fund)
3. TSX:RSI (Rogers Sugar Inc.)

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