2 of the Best High-Yield Stocks Canada Has to Offer

Description

An official definition for high-yield stocks does not exist. However, most investors would classify these stocks as those having a dividend yield greater than a market or sector benchmark.

High-yield stocks can also be tricky to pick. Some companies with high yields carry such yields as a result of the market believing a dividend cut is in order. In such situations, it can be hard to gauge how reliable the dividend yields of such stocks are.

However, some stocks carry both high yields as well as the ability to pay these yields out over time. Here are two of my top Canadian picks in this regard.

TC Energy

TC Energy (TSX:TRP)(NYSE:TRP) is certainly a reliable stock for individuals looking to produce a growing stream of income. This company's yield of 5.7% is much higher than the broader market and among the highest of its blue-chip counterparts. However, given the steady cash flows TC Energy's pipeline business provides, I think this dividend is also stable.

Finding a bond-like yield paying out 5.7% sounds like a fantasy. Today, long-dated government bonds trade much, much lower than that. For income investors, such stocks can really be a godsend for retirement planning.

TC Energy owns and operates more than $100 billion in energy infrastructure assets. These assets are spread across the Caribbean, Canada, and the United States. The high-quality and low-risk assets of the company deliver stellar cash flows and profits, which underpin greater dividend payments.

Over the past 21 years, the dividend of TC Energy saw a 7% compound annual growth rate. Moreover, the company has projected an increase of 5-7% in annual dividends in the coming years. The company's robust developmental portfolio, healthy project mix, and $21 billion secured capital program is likely to continue to drive increased cash flow, profitability, and dividend payments over time.

The company's growing base of contracted and regulated assets and a greater utilization rate are accountable for bolstering its shareholders' long-term returns. Since 2000, TC Energy has delivered an aggregate 12% shareholder return on an average. I think TC Energy is well positioned to continue doing so in the upcoming years.

In this current environment, TC Energy appears to be an impressive RRSP pick.

SmartCentres REIT

Another option investors can consider as a top pick for passive income is **SmartCentres REIT** (TSX:SRU.UN). This REIT's extraordinary portfolio of properties makes it an ideal pick for investors seeking dividends.

Blue-chip, big-box retailers anchor a majority of the company's commercial properties. SmartCentres REIT is involved in developing and operating the properties. It boasts a superb tenant portfolio, with **Walmart** anchoring 115 properties out of 168. This Walmart exposure is accountable for more than 25% of the company's rental income.

Most of SmartCentres's tenants witnessed a net income boost in spite of the previous year's crisis. This has allowed SmartCentres to continue paying its impressive dividend yield of 6.1%. In fact, SmartCentres REIT actually raised its payout in 2020.

The organization has boosted its dividend payout per year for the last seven years. With commercial real estate values swelling and the rents going up, investors can anticipate this trend to go on. Accordingly, now may be a great time to bet on this high-yield stock.

CATEGORY

1. Dividend Stocks
2. Investing

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1. Editor's Choice

TICKERS GLOBAL

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2. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)
3. TSX:TRP (TC Energy Corporation)

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