3 Cheap High-Yield Stocks for Hardcore TFSA Investors

Description

The annual Tax-Free Savings Account (TSFA) limit hasn't changed since 2019. Users who have used up their contribution rooms have a fresh $6,000 limit in 2022. With inflation rising at a faster past, Canadians will turn to their TFSAs to create a financial cushion or passive income.

For hardcore TFSA investors, **Rogers Sugar** (TSX:RSI), **American Hotel Income Properties** (TSX:HOT.UN), or AHIP, and **Diversified Royalty** (TSX:DIV) are the best options. You won't spend more than $6 per share on the three price-friendly stocks to partake of the generous yields.

Recession resistant

Rogers Sugar is a consumer staple stock, so the business will stay afloat in inflationary and deflationary periods. In Q1 fiscal 2022, the $606.83 million sugar and maple producer experienced lower sales volume from market volatility. Management reported 5.5% and 17.5% declines, respectively, in sugar and maple syrup volumes versus Q1 2021.

However, due to improved pricing during the quarter, gross margins increased. Total revenue grew 3.1%, while net earnings climbed 25.1% compared to the same quarter last year. Notwithstanding the greater volatility in customer demand in Q4 2021, Rogers Sugar maintains a positive financial outlook for 2022.

The recession-resistant stock hardly displays wild price swings. At $5.85 per share, Rogers Sugar pays a fantastic 6.15% dividend.

Recovery mode

AHIP was a dividend beast until the global pandemic crippled the hotel industry. The real estate investment trust (REIT) had to cut costs and suspend payouts to shareholders after Q1 2020 to conserve cash. Interestingly, the real estate stock outperforms the TSX year to date at +17.77% versus -1.01%.

This $349.17 million REIT owns and operates premium-branded, select-service hotels in the secondary metropolitan markets in the United States. AHIP is in recovery mode, as evidenced by the impressive results in Q3 fiscal 2021. Total revenue and net operating income (NOI) increased 47.7% and 80.8%, respectively, versus Q3 fiscal 2020.

Net income reached $15.7 million compared to the $12.7 million net loss in the same quarter in fiscal 2020. The 68.8% occupancy rate from 57.1% was also a bright spot. AHIP's CEO, Jonathan Korol, said the board has approved the reinstatement of distributions.

Korol added, "The return of our monthly distribution is appropriate and possible due to the financial resiliency of our portfolio." At $4.44 per share, AHIP offers a 5.16% dividend.

Cheapest cash cow

Diversified Royalty is the cheapest cash cow you can find on the TSX. The share price is only $3.08, but the dividend yield is an ultra-high 7.14%. The $376.53 million multi-royalty corporation owns the trademark to Mr. Lube, AIR MILES, Mr. Mikes, Sutton, Nurse Next Door, and Oxford Learning Centres.

Based on the preliminary Q4 and full-year 2021 data, the six royalty partners are slowly recovering or working their way through the ongoing impacts of COVID-19. Mr. Lube in particular is thriving, and the business is back to pre-pandemic levels. Once things return to normal, expect the royalty corporation to increase cash flow per share through accretive royalty purchases and growth of bought royalties.

Higher tax-free income

The average dividend yield of Roger Sugar, AHIP, and Diversified Royalty is 6.15%. TFSA investors can generate $369 in tax-free income by allocating $2,000 in each of the stocks from their $6,000 contribution limits. However, be sure you understand the inherent risks in the respective businesses.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:DIV (Diversified Royalty Corp.)
2. TSX:HOT.UN (American Hotel Income Properties REIT LP)
3. TSX:RSI (Rogers Sugar Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. cliew
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Date
2025/07/19
Date Created
2022/02/24
Author
cliew