4 Attractive High-Yield Stocks for a TFSA Portfolio

Description

A high-yield dividend stock generates higher income for your TFSA portfolio. However, not all high-yield dividend stocks are reliable, and payouts may not be sustainable in the long run. Nevertheless, a few TSX stocks offer high yields, while their payouts are well protected, making them attractive bets to generate tax-free dividend income for decades. Here are my four top picks.

Pembina Pipeline

Let's start with **Pembina Pipeline** (TSX:PPL)(NYSE:PBA) stock, which offers a dividend yield of 5.2%. It has paid dividend for more than two decades. Further, Pembina's dividend has grown at a mid-single-digit rate over the past several years. Its highly contracted business generates resilient fee-based cash flows that easily cover its payouts. Further, Pembina has paid over $11 billion in dividend since 1997.

With the higher commodity prices and strong volumes, Pembina could continue to deliver solid financials in the coming years and enhance its shareholders' value. Its contracted assets, new growth projects, and strong backlogs augur well for growth.

Capital Power

Capital Power's (TSX:CPX) low-risk business and high yield of 5.2% make it an attractive income stock. This power producer owns a diversified renewables portfolio backed by long-term contacts. These assets generate resilient cash flows and support higher payouts. For instance, it has increased its dividend for eight consecutive years. Further, it projects to grow the dividend by 5% annually over the medium term.

Overall, its contracted assets, strong developmental pipeline, and a target payout ratio of 45-55% indicate that its payouts are safe. Moreover, it is trading at the next 12-month EV/EBITDA multiple of 7.9, which is lower than its peers and historical average.

NorthWest Healthcare Properties REIT

NorthWest Healthcare (TSX:NWH.UN) could be a solid addition to your TFSA portfolio owing to its ability to consistently generate strong cash. Its resilient healthcare real estate assets and higher occupancy support its payouts. NorthWest Healthcare offers a high and dependable yield of 5.8% at current levels.

Besides a higher occupancy rate, NorthWest Healthcare also benefits from a long lease expiry term that adds visibility over its future cash flows. Moreover, its tenants are government backed, while most of its rents are inflation-indexed, indicating that its payouts are well protected. Overall, its defensive portfolio, focus on deleveraging its balance sheet, acquisitions, and expansion into high-growth markets will likely accelerate its growth.

Enbridge

The final stock on this list is **Enbridge** (TSX:ENB)(NYSE:ENB). This energy infrastructure company is one of the top dividend-paying stocks listed on the TSX. Its robust dividend payment history (about 67 years) and ability to grow it at a healthy pace (at a CAGR of 10 in the last 27 years) support my bullish view.

Enbridge's diverse revenue streams, contractual arrangements, strength in existing assets, and recovery in mainline volumes provide a solid platform for earnings growth. Further, its multi-billion-dollar secured projects, revenue escalators, and strategic acquisitions will likely support its revenues and cash flows.

Enbridge expects a 5-7% increase in its distributable cash flow per share in the medium term, which is encouraging and indicative of the future dividend-growth rate. Overall, its resilient business and payout ratio of 60-70% indicates that its high yield of about 6% is well protected.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. TSX:CPX (Capital Power Corporation)
4. TSX:ENB (Enbridge Inc.)
5. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
6. TSX:PPL (Pembina Pipeline Corporation)

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