Lock In a 6% Yield With 3 Generous Stocks

Description

When buying a stock for both its capital-appreciation potential and dividends, you can compromise a lot on the yield. But when you are buying a stock solely for its dividend, especially if it's not a Dividend Aristocrat that might grow its payouts over time, you should try to lock in as high a yield as possible.

And if your threshold for a high yield is 6%, three stocks should be on your radar — especially for your TFSA portfolio for a passive income.

An energy company

Calgary-based **Canacol Energy** (TSX:CNE) is currently one of the smallest energy companies by market cap, which is at $533 million right now. This wasn't always the case, and it's trading at an 81% discount from its 2011 peak and roughly 61% discount from its 2014 peak.

And though it's currently a long shot, if this natural gas exploration company has even a slight chance to reach its former height, it can easily double your investment cap.

As of now, Canacol is an intelligent buy for its dividends. The company's dividend history is relatively short, as it only started paying dividends in the last quarter of 2019, and the payout ratio is still too high.

But the company is committed to paying dividends, and it's experiencing a positive uptick in both contracted sales volume and reserves, which might translate into more robust financials. This will make its current 6.67% yield significantly more stable.

A capital markets company

Even though there were few parallels between the Great Recession crash and the 2020 crash, the post-crash recovery has not been the same. For example, **Alaris Equity Partners** (TSX:AD.UN) grew its market value in about five years following the Great Recession by 678%. And in the last two years, the stock has only appreciated about 163%.

It's pretty slow compared to the last growth phase, but even if the company can sustain the current 80%-a-year capital appreciation, it would be an excellent buy. It may easily double your capital in the next 15 to 16 months. And another strong reason to consider adding this company to your portfolio today would be its mouth-watering 6.72% yield.

A REIT

Any list of high-yield stocks would be remiss without a REIT, and for this list, **PRO REIT** (TSX:PRV.UN) has made the cut. The commercial REIT has a heavy industrial lean in its 120-property portfolio. Its weighted average lease term of 4.6 years, while quite decent, is not comparable to some peers with an average of a decade or more.

However, there are three numbers associated with this REIT that are investor magnets. The first is the generous 6.2% yield. The second number endorses the sustainability and long-term dividend potential — i.e., the payout ratio, which is brutally stable at 32.4%. And the third number is its price-to-earnings multiple of just 4.4%, making it quite attractively valued.

Another reason to consider this stock is the probability of raising its payouts again to its early 2020 levels, which would be quite a bump.

Foolish takeaway

The three dividend stocks with generous yields and relatively high sustainability potential can make perfect additions to your dividend portfolio. Two of them — Canacol and Alaris — also come with decent capital-appreciation potential.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. TSX:AD.UN (Alaris Equity Partners Income Trust)
2. TSX:CNE (Canacol Energy Ltd)
3. TSX:PRV.UN (Pro Real Estate Investment Trust)

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. adamothman
2. kduncombe

Category

1. Dividend Stocks
2. Energy Stocks
3. Investing

Date
2025/08/18
Date Created
2022/04/17
Author
adamothman