TFSA Investors: 3 Dividend Stocks For An Income-Producing Portfolio

Description

When it comes to producing an income from dividend stocks, it's pretty easy to choose between TFSA vs. RRSP. The TFSA is where you should park your capital when you wish to generate an income you can access to supplement your primary income.

Choosing the right dividend stocks is not as easy as selecting the right registered account for a passive income stream. There are many factors that you have to evaluate including yield, sustainability, and a few others.

An energy company

Since the second half of 2020, energy stocks have captured the attention of investors for their capital appreciation potential. But that doesn't mean their value as dividend stocks has diminished. Companies like **Keyera** (TSX:KEY) are still a viable choice for an income-producing asset. As one of the largest midstream companies in the country, it's an essential cog in the North American energy supply chain.

The juicy 6.3% yield is reason enough to invest in Keyera, but it's a smart choice from a capital preservation perspective as well. Unlike most other energy stocks, Keyera didn't experience an abnormal growth spurt in the post-pandemic market. In fact, it's still trading at a 15% discount from its pre-pandemic peak.

So when the energy sector finally goes into correction mode (if the oil prices are rapidly lowered), Keyera might not fall as hard as other energy stocks.

A mortgage company

Canadian banks dominate the mortgage market, but a few other players have carved out a place in it for themselves, usually targeting niche market segments. And as one of the largest non-bank mortgage lenders in the country, **First National Financial** (TSX:FN) is a leader among these players.

It offers both residential and commercial mortgages, and by the end of 2021, it had roughly $123.9 billion in mortgages under administration.

The company has quite a bit of market share, especially considering its competitors (the big banks). And since its inception in 2006, the stock has mostly gone up, though not in a consistent pattern.

But its dividends are the main attraction compared to its capital appreciation potential, which has been uncertain since May 2021. It's currently offering a healthy dividend yield of 6.3%, and the payout ratio is stable at under 70%.

A REIT

When stashing high-yield dividend stocks in your TFSA, REITs are one of the most attractive pools you can draw from. A REIT like **Slate Grocery REIT** (TSX:SGR.UN) can be a compelling addition to your income-producing TFSA portfolio.

It's currently offering a 6.1% yield, which is not too high for a REIT, but the stock also provides some other benefits. It's modestly undervalued, with a price-to-earnings of 5.5 and a price-to-book of 0.9. Slate Grocery's portfolio, which is extensively anchored by grocery companies, could prove more resilient in harsh markets, thanks to the evergreen nature of the grocery business.

All of Slate Grocery's properties are in the U.S., so the REIT may not feel the impact of troubles in the Canadian commercial real estate market.

Foolish takeaway

These three stocks could be a good fit for your TFSA, particularly if your goal is to produce passive income. All three are offering yields higher than 6%, and the companies are relatively stable, so there's minimal chance that your payouts will be slashed or suspended.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. TSX:FN (First National Financial Corporation)
2. TSX:KEY (Keyera Corp.)
3. TSX:SGR.UN (Slate Retail REIT)

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Author
adamothman