

Dividend Investors: 2 Stocks to Consider for Your TFSA

Description

Canadians are searching for quality dividend-growth stocks to put in their TFSA accounts.

Let's take a look at **TransCanada Corporation** ([TSX:TRP](#))([NYSE:TRP](#)) and **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) to see why they are attractive picks.

TransCanada

TransCanada had a tough 2015, but the stock has recovered and more gains could be on the way.

The company recently closed its US\$13 billion purchase of Columbia Pipeline Group. The deal gives TransCanada strategic assets in the attractive Marcellus and Utica shale plays as well as 5,400 km of additional pipeline infrastructure running from Appalachia to the Gulf Coast.

With the addition of the Columbia assets, TransCanada now has a natural gas-pipeline network that stretches 91,000 km.

The Columbia acquisition also helped boost the scope of TransCanada's development portfolio of medium-sized projects to \$25 billion. As the new assets are completed and go into service, TransCanada should see revenue and cash flow grow enough to support annual dividend hikes of 8%, or better, through 2020.

Regarding mega-projects, Keystone will probably remain on the shelf if Hillary Clinton wins the coming election in the United States. A Trump win, however, could put the pipeline back on track.

Here in Canada, the Energy East pipeline is still moving through the negotiation stages, but progress is being made and there is a good chance the project will eventually go ahead.

TransCanada pays a quarterly dividend of \$0.565 per share. That's good for a yield of 3.7%.

Bank of Montreal

Bank of Montreal isn't on the radar of most investors, but it probably deserves more attention.

The company just reported fiscal Q3 2016 adjusted net income of \$1.3 billion, up 5% compared with the same period last year. Canadian personal and commercial banking profits rose 1% year over year as loans increased 6% and deposits jumped 8%.

Those are pretty good numbers considering the challenging conditions in the Canadian market.

South of the border, the company is doing very well. Adjusted net income from the American personal and commercial banking division jumped 22%, driven by a strong U.S. dollar and the addition of GE Capital's transport finance business.

Bank of Montreal has paid a dividend every year since 1829. The current quarterly distribution of \$0.86 per share yields 4%.

Investors often skip this stock when looking for a bank pick, but the diversified revenue stream makes it attractive in the current environment.

Is one a better buy?

Both stocks are solid holdings for any TFSA account.

If you only have the cash to buy one, I would probably give TransCanada the priority today due to its strong development portfolio and dividend-growth outlook in the medium term.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. NYSE:TRP (Tc Energy)
3. TSX:BMO (Bank Of Montreal)
4. TSX:TRP (TC Energy Corporation)

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