



## TFSA Investors: 2 Dividend-Growth Stocks to Hold for Decades

### Description

Canadian investors are searching for top dividend stocks to add to their TFSA portfolios.

Let's take a look at **TransCanada Corporation** ([TSX:TRP](#))([NYSE:TRP](#)) and **BCE Inc.** ([TSX:BCE](#))([NYSE:BCE](#)) to see why they might be interesting picks.

#### TransCanada

TransCanada took a big hit in 2015 as the oil rout and President Obama's rejection of the Keystone XL pipeline sent investors running for the hills.

Contrarian types who had the courage to buy at the bottom are sitting on some nice gains, and more good news could be on the way.

Why?

TransCanada bought Columbia Pipeline Group last year for \$13 billion, adding significant gas assets in the Marcellus and Utica shale play as well as strategic infrastructure running to the Gulf Coast.

The deal also came with a nice portfolio of development projects, boosting the near-term pipeline to about \$23 billion.

As these assets are completed and go into service, TransCanada expects cash flow to increase enough to support annual dividend hikes of at least 8% through 2020.

In addition, Keystone XL recently received a Presidential Permit from the U.S. State Department, so it appears the project might finally get built.

TransCanada currently pays a quarterly dividend of \$0.625 per share. That's good for a yield of 4.1%.

#### BCE

BCE just closed its acquisition of Manitoba Telecom Services. The deal launches BCE into the top

position in the Manitoba market and gives the company a strong base to expand its presence in the western provinces.

BCE has also invested in media assets in recent years, adding a television network, specialty channels, radio stations, sports teams, and an advertising business.

These assets, combined with the world-class mobile and wireline networks, form a powerful business.

BCE's dominant position in the Canadian communications market is unlikely to change, and investors should see steady dividend growth continue in step with gains in free cash flow.

The stock currently provides a yield of 4.8%.

### **Is one more attractive?**

Both companies should be solid buy-and-hold picks for a dividend-focused TFSA portfolio.

If you want a low-beta name with high yield, BCE is probably the way to go.

If you can handle a bit more volatility, TransCanada's strong dividend-growth outlook over the medium term is attractive, and the stock probably offers better upside potential than BCE.

### **CATEGORY**

1. Dividend Stocks
2. Investing

### **TICKERS GLOBAL**

1. NYSE:BCE (BCE Inc.)
2. NYSE:TRP (Tc Energy)
3. TSX:BCE (BCE Inc.)
4. TSX:TRP (TC Energy Corporation)

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