4 Dividend Stocks With Wide Moats to Own in Your TFSA

Description

Often, the Tax-Free Savings Account (TFSA) is heralded for the immense potential for tax-free growth it offers to bold investors. Everyone has heard the story of the TFSA millionaire who hit it big.

However, the TFSA offers great potential for tax-free growth in the form of steady income. Investors looking for stability, whether they are conservative or gearing up for retirement, should target stocks that pay out dividends and provide them with tax-free income that can double up capital growth. We're going to look at four dividend stocks with wide economic moats today.

Enbridge Inc. (TSX:ENB)(NYSE:ENB) is an energy transportation and distribution company based in Calgary. The stock is up 4.7% month over month as of close on October 5 after a September oil-price rally drove up energy stocks. Enbridge has major infrastructure investments across Canada and in parts of the United States. Even with the recent rise, shares are still down 7.7% in 2017, giving investors an opportunity to buy low.

Enbridge has an attractive 4.7% dividend yield.

Hydro One Ltd. (TSX:H) is a regulated utility that services Ontario. Since its initial public offering in November 2015, the stock has increased 2.7%, but it has recently been mired in controversies due to domestic politics. Investors have also soured on the growth prospects of the company. In July, Hydro One announced it had set out to acquire U.S. utility **Avista Corp.** for $6.7 billion, giving it access to over 700,000 new customers when the deal is expected to be finalized in 2018. The Ontario government has faced criticism due to rising utility rates and recently unveiled a plan to subsidize lower costs.

Hydro One stock offers a dividend of $0.22 per share with a yield of 3.9%.

Canadian National Railway Company (TSX:CNR)(NYSE:CNI) is a Montreal-based freight company that serves Canada and the Midwestern United States. The company released its second-quarter results on July 25. Net income climbed 20% to $1.03 billion, and revenues were up 17% to $3.32 billion. The company has faced obstacles in the form of a surging Canadian dollar in 2017, but with a more dovish outlook from the Bank of Canada and a U.S. dollar on the rebound, this headwind should dissipate.

The stock offers a dividend of $0.41 per share, representing a 1.6% dividend yield.

Fortis Inc. (TSX:FTS)(NYSE:FTS) is yet another regulated utility. The company is based in St. Johns, Newfoundland, and operates in Canada, the United States, the Caribbean, and Central America. Fortis reported impressive second-quarter results with net earnings up to $257 million from $107 million in Q2 2016. Shares of Fortis have increased 9% in 2017 and 7% year over year. As one of the top regulated utilities in Canada, it offers a wide moat and boasts over 40 years of dividend growth.

The stock offers a dividend of $0.40 per share, representing a 3.5% dividend yield.

CATEGORY

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2. NYSE:ENB (Enbridge Inc.)
3. NYSE:FTS (Fortis Inc.)
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