TFSA Investors: 3 Growing Dividend Stocks to Diversify Your Portfolio

Description

A TFSA account is a great way to earn income from dividends and capital appreciation on a tax-free basis on eligible investments. Determining which investments to put in your portfolio can be difficult with many good choices available. Although it may be tempting to simply looking for the highest yields and payouts that have seen the most growth, those dividends might not be the most sustainable.

Instead, investors might be better suited with a range of stocks from different industries that offer a good dividend, are in stable industries, and can provide excellent growth prospects. Below, I have listed three stocks that fit this mould and that could be great additions to your portfolio.

Telus Corporation (TSX:T)(NYSE:TU) is a staple in the telecom industry. Despite a very competitive and saturated marketplace, the company has been able to find ways to continue to grow its revenue.

Telus currently pays its investors a dividend of 4.3%, and in four years the company's payouts have grown by 45% for a compounded annual growth rate (CAGR) of 9.7%. If Telus were to maintain this impressive level of dividend growth, then its payouts would double in fewer than eight years.

With not a lot of competition in the industry, Telus is well insulated and is able to maintain a strong market share. There is a risk that in the long term, the industry could be opened to more foreign competition, but there is nothing to suggest that will happen anytime soon.

Telus presents a stable long-term investment that could reward investors with both rising dividends and capital appreciation. In the past five years, Telus has seen its stock price rise more than 40%.

Fortis Inc. (TSX:FTS)(NYSE:FTS) offers a slightly lower payout of 3.6%, but what you lose in dividends, you make up for with stability and growth. It would be difficult to find a more stable investment than the utility provider, which has seen over $5 billion in revenue in each of the past three years. Fortis has also seen sales rise nearly 70% in just three years.

Fortis recently raised its quarterly payment to $0.425, and in four years the company's payouts have grown by 37% for a CAGR of 8.2%. The stock has seen its share price rise just under 40% over the past five years, and year to date, it has already increased 12%.

Canadian Apartment Properties REIT (TSX:CAR.UN) will give you a third industry to round out your portfolio. Currently, the stock yields 3.7%, and monthly installments offer you a consistent stream of income. The company raised its dividend earlier this year by a little over 2%, and in four years its payouts have risen a total of 11% for a CAGR of 2.7%.

Although the stock has seen less growth in its payouts than the other stocks in this list, it provides a great opportunity for capital appreciation. As mortgages become more difficult to obtain, there could be a rising demand in the rental market as people look for more affordable options. In addition to properties across Canada, Canadian Apartment Properties also has a presence in the Netherlands as well.

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2. NYSE:TU (TELUS)
3. TSX:CAR.UN (Canadian Apartment Properties Real Estate Investment Trust)
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