4 Dividend Stocks That Are Perfect for Your TFSA

Description

When reflecting on the benefits of the Tax-Free Savings Account (TFSA), many investors are attracted to its potential to maximize explosive tax-free gains. The news was rife with stories of Canadian investors who hit it big in their TFSA due to the cannabis mania which peaked in December and January. In a choppy market, like the one investors have been exposed to in 2018 thus far, the benefits of the account in churning out tax-free income become more apparent.

Let's look at four dividend stocks investors may want to add to their TFSA in April.

Hydro One Ltd. (TSX:H)

Hydro One stock has dropped over 5% in 2018 as of close on April 12. Its share price was punished by the global stock market rout in late January and early February, and rising bond yields have driven investors away from utilities stocks so far. Revenues and net income were both down in 2017. On April 6, Hydro One said that it had obtained antitrust clearance in the United States for its deal to acquire **Avista Corp.**, but the deal still requires several other approvals.

Hydro One has served as a political punching bag in Ontario in recent years. The 2018 Ontario election will be no different. Progressive Conservative leader Doug Ford, whose party is currently leading by a wide margin in recent polls, has vowed to fire the CEO and board of directors at Hydro One if he is elected premier.

Political drama aside, Hydro One possesses a wide moat and boasts a quarterly dividend of $0.22 per share, representing a 4.1% dividend yield.

BCE Inc. (TSX:BCE)(NYSE:BCE)

BCE is a Quebec-based telecommunications company. Telecom stocks, like utilities, have been battered due to rising bond yields. BCE stock has slipped almost 10% from near all-time highs in the beginning of January. Telecoms have been increasingly dependent upon wireless and internet growth, but 2017 was a banner year.

BCE recently kicked off a spring marketing campaign for its fibre-optic internet service in Toronto. The company is in a fierce battle with **Rogers Communications Inc.** over customers, as internet rates have increased across the board and flustered users. Demand for access to these services is expected to rise into the next decade. BCE last hiked its annual dividend by 5% to $3.02, representing a 5.3% dividend yield.

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM)

CIBC stock has dropped over 9% in 2018 as of close on April 12. It has also been unable to rebound following the global stock market rout earlier this year. The bank reported impressive earnings in the first quarter, as adjusted net income increased to $1.43 billion compared to $1.16 billion in the prior year. It saw very positive growth in its U.S. banking and wealth management segment. The bank also increased its quarterly dividend to $1.33 per share, representing a 4.6% dividend yield.

Gildan Activewear Inc. (TSX:GIL)(NYSE:GIL)

Gildan Activewear is a Montreal-based apparel manufacturer. Shares have plunged 9% in 2018 as of close on April 12, but the stock has still beat the TSX year over year. In 2017, Gildan reported that consolidated sales were up 6.4% to $2.75 billion and net earnings climbed to $362.3 million compared to $346.6 million in the prior year. The board of directors also approved a 20% dividend hike to $0.112 per share, representing a 1.3% dividend yield.

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