3 Canadian Dividend-Growth Stocks to Start Your TFSA

Description

Canadian TFSA investors are searching for reliable dividend stocks to help them meet their savings or income goals.

Let's take a look at three companies that might be attractive picks right now.

TransCanada Corporation (TSX:TRP)(NYSE:TRP)

TransCanada reported Q1 2018 net income of $734 million, or $0.83 per share, compared $643 million, or $0.74 per share, in the same period last year.

The company's existing asset base is performing well, and investors are reaping the benefits of new additions. TransCanada placed $7 billion of growth projects into service over the past year, and more progress is on the way.

In fact, the company is working through $21 billion in near-term capital projects, of which $11 billion is expected to go into service in 2018. As the new assets begin to generate revenue, TransCanada sees cash flow growing enough to support annual dividend increases of at least 8% through 2021.

Beyond that time frame, management is evaluating an additional $20 billion in development opportunities. If just one of the larger projects gets the green light, the dividend-growth guidance could see an upward revision.

The current payout provides a yield of 5%.

Power Financial Corp. (TSX:PWF)

Power Financial owns interests in insurance and wealth management businesses in Canada, and it has a position in a diversified holding company in Europe that owns stakes in some of the continent's top global businesses.

The company reported a 17% increase in adjusted net earnings for Q1 2018 compared to the same period last year. Rising interest rates and a strong economy bode well for the insurance and wealth management operations.

The company raised the dividend by 5% in March, so management must be comfortable with the earnings outlook.

Power Financial has pulled back from $37 per share in November to about $32.50. At the current price, investors can pick up a solid 5.3% yield.

Inter Pipeline Ltd. (TSX:IPL)

IPL owns natural gas liquids (NGL) extraction facilities, conventional oil pipelines, oil sands pipelines, and a liquids storage business in Europe.

The company reported a record $143 million in net income in Q1 2018, supported by a strong performance form the NGL processing group, which is benefiting from rising commodity prices.

IPL made strategic acquisitions during the downturn that are also contributing to the improved results, and the company is moving ahead with a $3.5 billion development project. The Heartland Petrochemical Complex should be in service by the end of 2021 and is expected to contribute $450-500 million in average annual EBITDA.

IPL raised its dividend last fall, and more gains should be on the way. The Q1 payout was just 63%.

At the time of writing, new investors can pick up a yield of 7%.

The bottom line

The Canadian market holds a wide variety of quality dividend-growth stocks that can help TFSA investors meet their income or savings goals. If you don't have the time to do the research yourself, the Motley Fool team is here to help.

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aswalker