3 Rising Dividend Stocks for the 2019 TFSA Portfolio

Description

Canadian savers are searching for quality dividend stocks to add to the tax Free Savings Account (TFSA) portfolios.

The strategy makes sense, as all dividends and capital gains are tax free. This means investors can pocket the full amount of the payouts, or use the distributions to buy new shares to grow the fund.

Let's take a look at three Canadian dividend stocks that have moved higher in recent weeks and could continue the rally into 2019.

Enbridge (TSX:ENB)(NYSE:ENB)

Enbridge just announced another asset sale as it moves to streamline operations and reduce debt. The company is selling its natural gas distribution assets in New Brunswick for $331 million. This adds to the $7.5 billion in deals already announced in 2018 as part of the company's plan to monetize up to $10 billion of non-core businesses.

Management has also made progress on its efforts to simply the business structure through the purchase of a number of subsidiaries. The moves should make it easier for analysts to evaluate the company and should result in higher cash flow retention.

Enbridge fell from $65 per share in 2015 to a low near $38 in April. The stock has rallied from $40 to $44 per share in the past month, and more gains could be on the way. The company has $22 billion in secured projects on the go that should support annual dividend growth of 10% through 2020.

The current distribution provides a yield of 6%.

Algonquin Power and Utilities (TSX:AQN)(NYSE:AQN)

Algonquin Power is the buyer of Enbridge's natural gas distribution business in New Brunswick. The company has a long track record of making strategic acquisitions in the utility and renewable energy sector, and that trend should continue amid ongoing consolidation in the industry.

Algonquin Power raised its dividend by 10% earlier this year. The stock has gained more than 10% since early October and is approaching its high for 2018.

At the time of writing, the stock provides a yield of 4.75%.

Canadian Natural Resources (TSX:CNQ)(NYSE:CNQ)

CNRL is one of Canada's top energy companies with production assets that span the oil and gas spectrum. The stock fell in step with the broader index over the past six months, but the pullback appears overdone.

In fact, the recent spike from $32.50 to $36.50 could be the start of a solid recovery. The stock traded above $48 per share in July.

The company generates significant cash flow and raised the dividend by 22% earlier this year. Oil prices could be set for a recovery in 2019, and investors should see another hefty dividend increase next year. The current payout provides a yield of 3.7%.

The bottom line

Enbridge, Algonquin Power, and CNRL are moving higher and could extend their rallies into 2019. All three companies have growing dividends and should be solid buy-and-hold picks for a TFSA portfolio.

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