



Put Your TFSA Income Fund on “Auto-Pilot” With These TSX Dividend Aristocrats

Description

What does it mean to put your TFSA income fund on autopilot?

For investors who don't have time to modify their holdings constantly, it simply means buying dividend-growth stocks and holding them for decades at a time.

While you could certainly buy and forget any stock that you choose to buy for your TFSA, I believe the average stock still requires “maintenance” over the near to medium term on the part of the investor in the form of their constant monitoring of the company's operating abilities and the state of the broader industry to ensure that the long-term thesis is still intact. Because as we know, things change whether we like it or not, things can change for the worst, and if such changes jeopardize your original investment thesis, you'll need to know how to react accordingly.

So, if you've got a day job and aren't willing to stay in the know on your personal holdings, you should go on the hunt for “low-maintenance” stocks, or stocks that you can truly buy and forget for years or decades at a time.

What are the lowest-maintenance stocks out there? Look no further than the Dividend Aristocrats: quality dividend payers that have a proven track record of raising the dividend bar every single year in spite of difficult macro circumstances that inevitably reveal their ugly faces.

The Dividend Aristocrats have +25 years of consecutive dividend hikes. To get to that kind of streak, you need one heck of a stable business with real cash flows, a wide moat, and a capable business model that's capable of outlasting the managers that move in and out over time.

Consider **Canadian National Railway** ([TSX:CNR](#))([NYSE:CNI](#)) and **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)), two dividend payers that are no strangers to the “beat and raise.” Each company has the ability to increase its ordinary cash dividends consistently.

With an emphasis on [year-over-year betterment](#), each company keeps raising the bar, and because of each firm's wide economic moat, there are few, if any, meaningful new entrants that can threaten the magnitude of dividend growth that's to be expected in the future.

CN Rail is a gravy train that's essentially the better player in the Canadian rail duopoly. With the most impressive coast-to-coast-to-coast rail network, a management team that's able to command the best operating ratio in the industry, and a focus on future-proofing (i.e., CannaPux, the future of railroading), CN Rail's moat isn't going to wither away anytime soon, so investors should expect those dividend raises to continue flowing in, regardless of what macro fears are making the headlines at a given instance in time.

As for BMO, the bank has been paying dividends since the 1800s. The bank continues to operate at a very high level and is branching off into new markets while leveraging technology to bolster its position in Canada (and the U.S.) as a banking behemoth that can be counted on. I say, keep those dividends flowing in!

Foolish takeaway

You can't go wrong with either CN Rail or BMO; both stocks are dividend-growth kings and will likely remain Dividend Aristocrats for decades to come. If you want a higher yield, BMO is your horse with its 4.1% yield, and if you're looking for higher capital gains, CN Rail is the better bet if you're willing to settle with a smaller 1.7% yield.

If I had to pick between the two, I'd go with CN Rail because it's a top-of-class player that continues to stand the test of time. And in the event of a recession, the company will be quicker to roar back as we enter a new market cycle.

Stay hungry. Stay Foolish.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. NYSE:CNI (Canadian National Railway Company)
3. TSX:BMO (Bank Of Montreal)
4. TSX:CNR (Canadian National Railway Company)

PARTNER-FEEDS

1. Msn

2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Tags

1. Editor's Choice

Date

2025/08/15

Date Created

2019/02/20

Author

joefrenette

default watermark

default watermark