2 Recession-Proof Dividend Stocks for Your TFSA

Description

Are you looking for a TFSA portfolio that can survive the ups and downs of the market?

With the **S&P/TSX Composite Index** posting record year-to-date returns, investors may have been lulled into a sense of calm.

But after a difficult end to 2018, where the sentiment was all about the strong probability that interest rates would rise, 2019 has brushed this off as it looks like rates will stay low.

And while interest rates do not seem to be heading higher anytime soon, if you are concerned about the risks in the market today, you are not alone. Credit concerns, high debt levels, and global economic weakness are all cautionary trends.

So, what are we to do in our search for investment returns?

While we can't be completely immune to market moves, we can set ourselves up with those stocks that have less downside and those stocks that are more defensive in nature.

Here are two solid, defensive dividend stocks that are excellent buys for your TFSA today.

TC Pipelines (TSX:TRP)(NYSE:TRP)

For more than 65 years, TC Pipelines has been developing and maintaining energy infrastructure, while handsomely rewarding shareholders.

And with a current dividend yield of 4.7%, it's hard to find a safer income stream at these levels than this.

Since 2000, TC Pipelines stock has provided shareholders with a 13% average annual return, while delivering yearly dividend increases, which brought the dividend per share from $0.80 to $2.80.

The recent approval of LNG Canada's proposal to build the LNG plant is another driver for the stock going forward; it has resulted in the company moving forward on its Coastal GasLink natural gas pipeline, and it will have a positive effect on investor sentiment toward TC Pipelines stock as well.

TC Pipelines has above-average, visible growth and an infrastructure presence that should ensure strong growth well into the future.

Investors can expect continued dividend growth of 8-10% through to 2021.

Metro (TSX:MRU)

With a $12.7 billion market capitalization and a 1.6% dividend yield, Metro continues to be a story of consistency, stability, and shareholder wealth creation.

These days, everything seems to be working for Metro, as earnings growth, dividend growth, and investor sentiment remain positive. Along with its recession-proof business, these factors can reasonably be expected to take Metro stock to new heights in 2019.

Metro stock has increased 134% in the past five years and has rallied almost 23% from October lows, as the market has rewarded defensive stocks.

This makes sense, as Metro's business is an economically insensitive one, as the company has continued to post strong results, and as dividend increases have been typical of the company.

To illustrate my case, 2018 EPS was $0.63 versus $0.51 in the same period last year for an increase of 23.5%, buoyed by the Jean Coutu acquisition. The annual dividend was increased by 16% in 2017 to $0.65 per share, by 10.8% in 2018, and by 11% in 2019 to the current $0.80 per share.

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Author
karenjennifer