TFSA Investors: Meet 2 Good Old Reliable Dividend Growth Stocks to Buy and Hold for the Long-Term

Description

Investing in your TFSA gives you the joys of tax-sheltered returns, effectively enabling you to grow your wealth faster.

And this, coupled with compounding returns, makes TFSA investing an exceptional use of your cash and an exceptional retirement savings vehicle.

Here are two safe and reliable stocks to buy and hold for the long-term in your TFSA.

Canadian National Railway Co. (TSX:CNR)(NYSE:CNI)

Canadian railways remain in the enviable position of operating in a fundamentally sound industry surrounded by a deep and vast moat that will keep them sheltered from market troubles, at least in the long-term.

Therefore, the railway stocks are good old reliable stocks that investors can rely on and should hold for the long-term, benefitting from dividend income, dividend growth, and capital appreciation.

With high barriers to entry, limited competition, and a sustainable demand profile, these companies are in the driver's seat.

CN Rail has a five-year compound annual growth rate (CAGR) in free cash flows of 12.5%, and this, in turn, has enabled strong dividend increases.

CN Rail has a 12.7% five-year CAGR in dividends, as the railway is benefitting from strong pricing and a strong operating ratio. The stock has a current dividend yield of 1.79%

Canadian National Railway is investing in increasing its capacity midst near term congestion and capacity constraints, and to ensure long-term growth, is also investing in an expansion into complementary businesses with its acquisition of transportation company TransX, and, more recently, the shipping terminal Halterm.

CCL Industries Inc. (TSX:CCL.B)

CCL Industries stock has been hit in the market sell-off, yet the company continues to generate shareholder value and solid growth in a relatively defensive business.

I mean, this $10 billion label and packaging company has grown consistently and profitably over the last t0 years, creating shareholder wealth through both capital appreciation and dividend payments.

In fact, the company has grown from revenue of $1.2 billion in 2009 to revenue of $5.2 billion in 2018, for a compound annual growth rate of 17.7%.

And the corresponding increase in free cash flow has been even more impressive. In 2009, the company generated $52.3 million in free cash flow and in 2018, it generated $420 million for a compound annual growth rate of 26%.

The business remains strong and predictable, and with the release of 2018 results, CCL management increased its annual dividend by 31% to $0.68 per share, and now has a current dividend yield of 1.24%.

CCL stock is down 18% from its 2018 highs and in my view, this gives us a perfect opportunity to add it to our TFSA.

With a product assortment that is not particularly economically sensitive, a global manufacturing network, and a strong balance sheet, CCL is well positioned to continue to drive shareholder value.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. TSX:CCL.B (CCL Industries)
3. TSX:CNR (Canadian National Railway Company)

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