Should Fortis (TSX:FTS) or Toronto Dominion Bank (TSX:TD) Stock Be in Your TFSA?

Description

Canadian savers are searching for top stocks to add to their TFSA retirement portfolios.

Let's take a look at **Fortis** (TSX:FTS)(NYSE:FTS) and **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) to see if one deserves to be on your buy list right now.

Fortis

Fortis owns 10 utility businesses in Canada, the United States, and the Caribbean with a total of $53 billion in assets that include electric transmission, gas distribution, and power generation.

The company is one of the top 15 utilities in North America serving 3.3 million customers. Growth has been steady over the past 30 years, coming from strategic acquisitions and organic developments. In fact, the asset base was just $390 million in 1987.

Balance sheet concerns have been raised by some analysts, but Fortis has taken steps to address the issue. The company recently sold its interest in the Waneta Expansion Hydroelectric Project for $1 billion and is using the proceeds to help fund ongoing projects.

Fortis is currently working through a five-year capital program that should boost the rate base from $26 billion to $35.5 billion. As a result, management expects cash flow to increase enough to support average annual dividend hikes of 6% through 2023.

Investors should feel comfortable with the guidance. Fortis has raised the payout for 45 straight years. The current dividend provides a yield of 3.6%.

The company reported solid Q1 2019 results. Adjusted net earnings came in at $0.74 per share compared to $0.70 in Q1 2018.

TD

TD reported adjusted net income of $12 billion in 2018. The bank is very profitable and is often cited by analysts as the safest pick among the largest Canadian financial institutions due to the strong focus on retail banking.

In addition, TD has built a significant business in the United States with branches running from Maine right down the east coast to Florida. The U.S. economy is in good shape with unemployment at its lowest level in decades. The American operations contribute more than 30% of TD’s net profits, so the division serves as a balance in the event there is a downturn in Canada.

TD is investing heavily to ensure it can compete in the digital transformation of the financial services industry. Competition from non-bank players such as social media companies and online retailers is a risk investors have to consider, but TD should be able to hold its own.

The company has a strong track record of dividend growth, and that trend should continue in line with anticipated earnings-per-share increases of 7-10% per year. Investors who buy today can pick up a yield of 4%.

Is one a better buy?

Fortis would probably be my first choice today. The company gets 99% of its revenue from regulated assets, meaning cash flow should be predictable, and the stock would likely hold up well in the event we see another shock to the global financial system.

That said, Fortis and TD are both top companies that offer investors good exposure to the U.S. economy and should be solid picks for a buy-and-hold TFSA retirement fund.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing
4. Stocks for Beginners

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:FTS (Fortis Inc.)
4. TSX:TD (The Toronto-Dominion Bank)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Bank Stocks
2. Dividend Stocks
3. Investing
4. Stocks for Beginners

Tags

1. Editor's Choice

Date
2025/08/22
Date Created
2019/05/13
Author
aswalker