2 Great Dividend Growth Stocks for Investors Just Starting Their TFSA

Description

A TFSA is an excellent tool for building wealth, especially over the long term. For investors that are just getting started with a TFSA and that may not be sure what to put in there, dividend stocks are an easy option. In particular, companies that grow their payouts are desirable, as investors will be earning more on their initial investment the longer they hold onto the stocks.

While there is never any certainty around dividend payments, there are some safe stocks that investors can hold that are likely to continue increasing their payouts over the years. Below are two stocks that would look great inside any TFSA that investors can buy and forget about.

Fortis Inc (TSX:FTS)(NYSE:FTS) is a key utility provider in North America and one of the best dividend stocks an investor can own. With a big market cap, diverse operations and a lot of growth over the years, it's sometimes easy to forget that this stock pays a great dividend too. Normally, a company that has been busy growing and acquiring companies is not one that you'd expect to pay a regular dividend, much less increase it.

However, that's what makes Fortis stand out from the rest. The company has found a great way to balance both dividends and growth. In just four years, Fortis has been able to increase its top line by 55% while also seeing profits triple.

Dividends have also been growing, with quarterly payments of 32 cents back in 2014 rising to 45 cents this year. That's an increase of more than 40%, which averages out to a compounded annual growth rate (CAGR) of over 7% during that time. That's a good rate of increase that isn't too high or too low, especially when you consider that the stock is already paying a very solid 3.6% annually.

Bank of Montreal (TSX:BMO)(NYSE:BMO) is another stock that's hard to go wrong with. After all, if a bank stock isn't safe, it's hard to imagine what else would be. Putting a big-five chartered bank into your TFSA is a great way to start building your portfolio. With lots of stability and a great dividend, it's a stock that you won't have to worry about.

Quarterly dividend payments of $1 per share are currently paying investors 3.8% annually. However, that's just for investors that buy today, as those that have held on for longer are earning a higher percentage of their invested capital. Five years ago, BMO was paying investors 76 cents a share. Since then, payouts would go on to rise by 32%, for a CAGR of 5.6%.

In addition to a strong dividend, investors can also expect some good capital appreciation along the way as well. Over the past 10 years, BMO's stock has increased by 133%, and there's no reason to believe that will end anytime soon. With a presence in both Canada and the U.S., the bank stock is diversified and has many opportunities to continue to grow. Since 2014, net revenues for the bank have climbed by 37% and in 2018 it saw a modest 4.6% growth from the prior year.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. NYSE:FTS (Fortis Inc.)
3. TSX:BMO (Bank Of Montreal)
4. TSX:FTS (Fortis Inc.)

PARTNER-FEEDS

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

Category

1. Bank Stocks
2. Dividend Stocks
3. Investing

Date
2025/08/26
Date Created
2019/05/15
Author
djagielski