



## A Top Buy-and-Hold Dividend Stock to Stash in Your TFSA

### Description

The current year has produced a great turnaround for the utility and energy infrastructure companies. Investors snapped up these stocks, which offer higher dividend yields, on hopes that they will weather the economic slowdown much better than growth stocks.

For the same reason, the Halifax, Nova Scotia-based **Emera** ([TSX:EMA](#)), one of the top 20 North American regulated utilities, surged more than 30% this year. Emera's 85% consolidated earnings come from its regulated business.

If you're planning to buy top dividend stocks through your Tax-Free Savings Account (TFSA), Emera is one great name to consider. One of the biggest advantages of investing in regulated utilities is the certainty in their cash flows.

That strength makes it easier for the management to distribute profit in the form of growing dividends. In the case of [Emera](#), the growth in earnings is expected to support the company's 8%-per-year dividend-growth target through 2020.

### Earnings strength

The latest earnings report shows that Emera is in a good position to continue with its growth momentum. For the second quarter, Emera reported that its adjusted net income rose to \$130 million, or \$0.54 per common share, compared with \$111 million, or \$0.48 per common share, from the same period a year ago.

These results exceeded analysts' expectations, helped by a solid performance from its utilities in Florida and New Mexico and the recent launch of the Maritime Link transmission line connecting the island of Newfoundland to Nova Scotia.

Utilities like Emera are rate-sensitive stocks, which means when expectations for a rate cut increase, the value of their shares will also go up. The Bank of Canada and the U.S. Federal Reserve are both expected to reduce borrowing costs in the coming months as they try to stimulate growth.

In that environment, [stocks like Emera](#) will add a good income stream to your TFSA portfolio if you plan to hold these stocks over the long run. After surging about 45% in one year, Emera stock is now trading close to the analysts 12-month price target of \$57 a share, offering an annual yield of about 4%.

## Bottom line

Due to these reasons, I don't see much upside from here for Emera stock, but you can wait on the sidelines and initiate your position when the value is more attractive. With five-year dividend growth of 9.4%, this stock is a good buy-and-hold candidate for the long-term TFSA investors.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

### TICKERS GLOBAL

1. TSX:EMA (Emera Incorporated)

### PARTNER-FEEDS

1. Business Insider
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