TFSA Investors: 3 Top Buy-and-Hold Dividend Stocks to Buy in October

Description

Like a lot of things in life, investing is something that doesn't appear to be very complicated on the surface. It gets more complex the more we dig into it.

For instance, let's take Warren Buffett's iconic advice of buying excellent companies at reasonable prices. What exactly constitutes an excellent company, anyway? And how do you identify a reasonable price? Buffett himself has given us the framework to make these decisions, but ultimately the average investor is at a disadvantage compared to the Oracle of Omaha. Buffett is a financial genius; the rest of us are mere mortals.

Personally, I look for stocks with an obvious competitive advantage that pay generous dividends and have obvious growth prospects, even if that potential is a little more muted. If a company offers those three things, it's a good candidate to go on my watch list. Valuation determines what stocks graduate from my watch list to my actual portfolio.

Let's take a closer look at three high-quality, Canadian, dividend-paying stocks I think are attractive today, the perfect kinds of stocks to stash in your TFSA for a long time.

Rogers Communications

Rogers Communications (TSX:RCI.B)(NYSE:RCI) shares are currently flirting with a fresh 52-week low after Prime Minister Justin Trudeau took shots at the Canadian telecom oligarchy recently. He told voters a re-elected Liberal government would encourage new competition in the telecom space — a move designed to bring down cell phone bills.

Consider this analyst an official skeptic. Remember when a previous government did the same thing, and it still wasn't enough to encourage **Verizon** to come to Canada? The incumbents are just too strong.

This is creating the opportunity to buy perhaps Canada's most interesting telecom. Not only is Rogers our wireless leader, but the company also provides cable and internet for millions of customers in

Ontario, it owns a smattering of television stations and other media assets, and it's a big player in professional sports. Rogers owns the Toronto Blue Jays and a portion of the Maple Leafs, Raptors, and Toronto FC.

Investors can get shares today for less than 13 times projected 2020 earnings, which is quite cheap for the sector. And after years of pausing dividend growth, Rogers appears poised to start hiking its dividend in a meaningful way again. The current yield is just over 3%.

Enbridge

I follow a simple philosophy when it comes to **Enbridge** (TSX:ENB)(NYSE:ENB). If major oil pipelines become impossible to build, then it must make the company's existing infrastructure all the more valuable. This allows me to ignore all the noise and focus on the long term.

There's been a lot of noise surrounding the stock lately. First, the company had an altercation with the Michigan state government, which wanted Enbridge to replace part of its aging Line 3 pipeline immediately instead of waiting a few years, as previously agreed. And now the federal energy watchdog here in Canada won't allow the company to have open bidding on its Mainline pipeline system. The feds must approve any bids after major producers complained about what they deemed as unfair prices.

Enbridge shares are currently quite cheap, which makes today a great time to load up on those assets. And while investors are waiting, they're treated to a succulent 6.3% dividend.

Capital Power

I purchased **Capital Power** (TSX:CPX) shares for my TFSA a couple of months ago, and I still think they're a screaming buy today.

The power producer has been acquiring and developing assets like mad over the last few years, and it has the balance sheet strength to continue expanding. This has also allowed it to diversify away from Alberta and its tepid economy, which is a good long-term move.

Shares also trade at a cheap valuation, trading hands at less than seven times 2019's estimated adjusted funds from operations. You won't find many power producers cheaper, especially ones with the financial flexibility Capital Power boasts today.

Finally, the company pays a succulent 6.3% yield, a sustainable payout of under half of adjusted funds from operations. In fact, management is so confident in the health of the dividend, the company has already pledged to increase it by 7% annually through 2021.

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Date
2025/08/22
Date Created
2019/10/02
Author
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