Retire Rich: 4 Dividend Stocks to Create a TFSA Wealth Fund

Description

The TSX Index is home to many top stocks that pay reliable distributions and have strong track records of dividend growth.

Let’s take a look at four dividend stocks that might be attractive picks to get your TFSA wealth fund started.

Telus

Telus is one of Canada’s leading communications companies with world-class wireless and wireline networks, providing Canadian residential and business clients with TV, mobile, and internet services.

The company has passed the peak of a large capital program, and investors should see free cash flow expand in the coming quarters. Telus continues to add new subscribers at a steady pace and regularly reports the lowest churn rate on the mobile side of the business.

The board has historically increased the dividend twice per year and is targeting average annual increases of 8-10% over the medium term.

The stock currently provides a 4.7% yield.

CN

Canadian National Railway is a leader in the North American rail industry with tracks that run coast to coast in Canada and right through the heart of the United States to the Gulf of Mexico. The company plays an integral role in the functioning of the economy, and that makes it an attractive long-term bet.

The board raised the dividend by 18% in 2019 and has increased the payout by a compound annual rate of 16% over the past 20 years.

If you are searching for a stock to buy and forget for decades, CN is tough to beat.

Fortis

Fortis is a growing North American utility with $52 billion in assets located in the United States, Canada, and the Caribbean.

The company grows through acquisitions and internal development projects. The existing $18.3 billion capital program should boost the rate base enough over the next five years to support average annual dividend hikes of 6%.

Fortis has raised the dividend for 46 straight years. The payout provides a yield of 3.6%.

The stock tends to hold up well when the broader market takes a hit, making Fortis a solid defensive pick for a portfolio.

Suncor

Canadian oil companies have fallen out of favour amid ongoing pipeline bottlenecks and a general backlash against carbon emitters. Pundits also point to the advancements in battery technology that are making electric vehicles more practical.

Investors who are of the opinion that the oil industry is in an extended decline should avoid the entire sector. However, those who believe demand will remain robust for decades to come might want to consider **Suncor** for their portfolios.

The company's integrated structure includes production, refining, and retail operations. This means Suncor has built-in hedge when oil prices are weak. At the same time, it can generate significant revenue and margins when oil prices rally.

Suncor has a strong balance sheet and uses it to buy struggling competitors at attractive prices when the market is under pressure.

The board has raised the dividend for the past 17 years, and investors can currently pick up a yield of 3.9%.

The bottom line

An equal investment in these four stocks would provide TFSA investors with good exposure across a variety of sectors while generating attractive dividends that can be invested in new shares to take advantage of the power of compounding.

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Date
2025/07/21
Date Created
2019/11/09
Author
aswalker