TFSA Investors: 2 Canadian Dividend Stocks That Are the Real Deal

Description

Last year, I'd discussed several strategies for TFSA investors. One of those strategies involved targeting secure dividend stocks. This would allow for long-term stability and income generation.

Canadian and global markets were hit by turbulence in the second half of January. The proliferation of the coronavirus has some investors worried about its impacts on a global scale and how it could injure the Chinese economy in the near term. Oil prices have plunged in response to the crisis, and the Shanghai Composite Index suffered its worst rout in years.

Today, I want to look at two dividend stocks that have been good holds during periods of instability. Both stocks have performed well over the past decade, offering up capital growth and steady income.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) was one of my top picks, as the market turned sour in late 2018. Shares have climbed 27% year over year as of early afternoon trading on February 3. The stock is hovering around 52-week highs at the time of this writing.

Investors can expect to see Fortis's fourth-quarter and full-year results for 2019 later this month. In the third quarter of 2019, Fortis reported adjusted earnings of $287 million, or $0.66 per share, compared to $277 million, or $0.65 per share, in the prior year. Its five-year capital plan is projected to increase its rate base from $28 billion in 2019 to $38.4 billion by 2024. Fortis expects this to drive its dividend growth into the middle of this decade.

The company last increased its quarterly dividend to $0.4775 per share. This represents a 3.3% yield. It has now achieved dividend growth for 47 consecutive years.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is one of the most formidable blue chips available on the TSX. The energy sector faced turbulence in 2019, but Enbridge continued to reward shareholders, as it reported strong earnings. Shares have climbed 18% year over year at the time of this writing.

Like Fortis, Enbridge is also set to release its Q4 and full-year results later in February. Its adjusted earnings grew to $1.12 billion, or $0.56 per share, in Q3 2019 compared to $933 million, or $0.55 per share, in the prior year. Cash provided by operating activities surged to $2.73 billion over $1.46 billion in Q3 2018. Enbridge still boasts a massive project pipeline, which the company projects will support dividend growth in the years ahead.

The company has delivered dividend growth for 24 consecutive years. Although it has not achieved the streak that Fortis has, it makes up for this with its hefty yield. Enbridge stock last paid out a quarterly dividend of $0.738 per share. This represents an attractive 6% yield.

Investors looking for value in this market will have to look hard. Fortis and Enbridge stocks are both trading near a 52-week high. However, both stocks also possess a price-to-earnings ratio below 20 and a price-to-book value of 1.7. These dividend beasts have a lot in common value-wise right now, and I like both as a source of steady income in the 2020s.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:FTS (Fortis Inc.)
3. TSX:ENB (Enbridge Inc.)
4. TSX:FTS (Fortis Inc.)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date
2025/08/26
Date Created
2020/02/03
Author
aocallaghan