TFSA Investors: 3 Dividend Stocks That Just Raised Their Payouts

Description

If you're looking for a way to grow your wealth over the years, one of the best and safest ways to do so is through your Tax-Free Savings Account (TFSA) and dividend stocks. Inside a TFSA, dividend income earned from eligible stocks is tax-free. And stocks that grow their payouts over the years are especially attractive since it means you'll be earning more on your initial investment over the years. Below are three stocks that raised their dividends over the past few weeks.

Growth potential

Maple Leaf Foods Inc (TSX:MFI) announced last month that it would be hiking its quarterly dividend payments from $0.145 to $0.16. That's an increase of 10.3% and investors will now be earning a yield of 2.8% per year. It's a decent payout – neither worryingly excessive nor so small that a savings account would perform better. This is not the first time the company has increased its dividend and it likely won't be the last, either.

Another good reason to invest in the company is that Maple Leaf foods is in the plant-based meat business. Through its acquisition of Lightlife, it can piggyback off the hype that we've seen **Beyond Meat** enjoy. Meatless products are still rising in popularity and there's still a lot of room for the company to grow.

Currently, Maple Leaf Foods trades at a forward price-to-earnings (P/E) ratio of 25 and a price-to-book (P/B) multiple of 1.4. It's a decent price for a Canadian brand well-known in supermarkets.

Oil industry struggles

Parkland Fuel (TSX:PKI) is another stock that has raised its payouts. Earlier this month, Parkland announced its dividend payments would rise from $1.194 per year to $1.214. That's an increase of 1.7%. Currently, the company pays dividends every month and with the new payout, investors will be earning about 3.4% annually.

Although oil and gas stocks have been struggling in recent years, Parkland has been able to consistently post a positive net income and remain strong for several years. However, low oil prices have dragged the stock down yet again. Currently, it's near its 52-week low as it's down more than 20% in three months. With a forward P/E of 26 and a P/B of more than three, it's a bit of a pricey buy. However, if OPEC slashes output and supports the price of oil, Parkland's stock could get a boost this year.

Sign of confidence

Gibson Energy Inc (TSX:GEI) currently pays its shareholders a quarterly dividend of $0.34. That's after announcing in February that its payouts would rise by $0.01. It's a modest increase but investors will now be earning a solid 5.6% annual dividend yield from the stock. Like Parkland, the company is in the oil and gas industry and is optimistic about its future.

The company's president and CEO, Steve Spaulding, said that "We intend to continue growing our dividend while also ensuring we maintain our strong financial position, including remaining fully-funded for all capital growth with dividends being fully covered by stable, long-term cash flows from our Infrastructure segment."

The company has posted a strong bottom line over the past several quarters, and a dividend increase is a good sign of confidence to investors. At a forward P/E of 32 and a P/B multiple of around five, it's the most expensive stock on this list. But given how good the dividend looks, it may be worthwhile for TFSA investors to consider putting the stock in their portfolio.

CATEGORY

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TICKERS GLOBAL

1. TSX:GEI (Gibson Energy Inc.)
2. TSX:MFI (Maple Leaf Foods Inc.)
3. TSX:PKI (Parkland Fuel Corporation)

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