



## TFSA Investors: 2 Dividend Champions to Buy in April

### Description

The S&P/TSX Composite Index shed over 500 points to open the month of April. Markets enjoyed a slight rebound in late March, but investors are not out of the woods yet. Today, I want to look at two stocks that qualify as dividend champions. In past articles, I'd focused on [TSX Dividend Aristocrats](#). A Dividend Champion is a company that has increased its dividend every year for at least a quarter century.

Many readers may still be shopping in their TFSA to start the spring, and these equities offer stability and a reliable history of dividend payments.

### Dividend Champion: Toromont Industries

**Toromont Industries** (TSX:TIH.U) is the first Dividend Champion to cover today. The company operates two business segments: Equipment Group and CIMCO. Shares of Toromont have dropped 9% month over month as of close on April 1. The stock is down 12% year over year.

The company released its fourth-quarter and full-year 2019 results on February 11. It was a strong quarter and another solid year for Toromont. However, like almost every business, it will face new challenges due to the disruptions caused by the COVID-19 outbreak. Net earnings in 2019 rose 14% from 2018 to \$286.8 million, and basic earnings per share climbed 14% to \$3.52. Revenues in its Equipment Group segment increased \$182.9 million year over year to \$3.3 billion.

In its Q4 report, the board of directors increased its quarterly dividend by 14.8% to \$0.31 per share. This represents a 2% yield. Toromont has delivered dividend growth for 31 consecutive years. Moreover, the stock last had a favourable price-to-earnings ratio of 17.

### Chasing the crown: Fortis

Back in late November, I'd discussed why **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) was an [elite dividend stock](#). Fortis is a St. John's-based utility holding company that operates in Canada, the United States, Central

America, and the Caribbean. Shares of Fortis have dropped 5.9% month over month.

Utilities have garnered more interest among income investors since the financial crisis. Historically low interest rates have made these equities a solid alternative to fixed income. Fortis released its Q4 and full-year results for 2019 on February 13. Net earnings came in at \$1.65 billion or \$3.79 per share — up from \$2.59 per share in 2018.

Earnings growth was powered in part by the increase in Fortis's rate base. Its aggressive capital growth program aims to boost its rate base, which in turn will support dividend growth well into this decade.

Fortis's five-year capital plan totals \$18.8 billion and is expected to boost its rate base from \$28 billion in 2019 to \$34.5 billion by 2022 and \$38.4 billion by 2024. This would represent a three- and five-year CAGR of 7.2% and 6.5%, respectively. It is targeting annual dividend growth of about 6% through 2024.

A Dividend King is a stock that has delivered at least 50 consecutive years of dividend growth. Fortis last announced a quarterly dividend of \$0.4775 per share. It has increased its dividend for 46 consecutive years. If it meets its dividend-growth target through 2024, it can claim this elite title.

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**Date**

2025/07/03

**Date Created**

2020/04/02

**Author**

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