



TFSA Investors: 2 Dividend Stocks to Trust Forever

Description

The March market crash was a tough test for investors after one of the longest bull markets in history. TFSA investors have reaped the rewards of these positive conditions over the past decade. The economy will take a hit in the near term due to the impacts of the COVID-19 pandemic. Because of this, TFSA investors may want to consider stable income-yielding equities.

Today, I want to look at two stable dividend stocks that TFSA investors can trust for the long haul. Let's dive in.

TFSA Investors: Look to utilities

The lockdowns across North America and around the globe have spared essential services. Utility stocks have been a [trustworthy alternative](#) for income investors over the past decade. Historically low interest rates have pulverized fixed-income yields in recent years.

Hydro One ([TSX:H](#)) is a solid target for TFSA investors on the hunt for stable income. Shares of Hydro One have climbed 24% year over year as of close on April 22. The stock is still up 3% in 2020 so far.

The company released its fourth-quarter and full-year 2019 results on February 12. For the full year, revenue climbed to \$6.48 billion compared to \$6.15 billion in the prior year. Net income increased to \$778 million over a \$89 million loss in 2018. Diluted earnings per share rose to \$1.30 compared to a loss of \$0.15 in the previous year.

Shares of Hydro One last possessed a favourable price-to-earnings ratio of 19 and a price-to-book value of 1.6. It last paid out a quarterly dividend of \$0.2415 per share. This represents a 3.7% yield. Hydro One has increased its dividend payout every year since its initial public offering.

One utility close to a dividend crown

TFSA investors are in safe hands with utilities, but they should also pursue stocks with long histories of

dividend increases. This is a strong sign of stability and company quality. **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) is an elite option for TFSA investors on the TSX.

Back in late 2018, I'd suggested that Fortis was a [terrific hold](#) in what was a volatile market. That pullback paled in comparison to the retreat investors witnessed in March. The stock has been resilient in 2020 as well. Shares have climbed 1.6% so far in 2020.

Fortis reported annual net earnings of \$1.65 billion or \$3.79 per share in 2019 — up from \$2.59 per share in the prior year. The company's five-year capital plan is expected to increase its rate base to \$34.5 billion by 2022 and \$38.4 billion by 2024. Fortis projects that this will support annual dividend growth of 6% through the final year of the program.

The company last increased its quarterly dividend payout to \$0.4775 per share, representing a 3.5% yield. Fortis has achieved dividend growth for 47 consecutive years. This puts it on the path to become a dividend king — a stock with at least 50 consecutive years of dividend growth — by the middle of this decade. TFSA investors can rely on stability on long-term income from Fortis for decades to come.

CATEGORY

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2. TSX:FTS (Fortis Inc.)
3. TSX:H (Hydro One Limited)

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