TFSA Investors: 2 TSX Dividend Kings That Haven't Missed a Payout in Over 100 Years

Description

TFSA investors who are rattled by market volatility should look to the TSX Dividend Kings that haven't missed a dividend payout in over a century.

The Dividend Kings are the bluest of blue chips, and they've been through a lot throughout history, persevering every time while keeping the dividend intact. The coronavirus crisis may be unprecedented, but the Dividend Kings are stocks you should still feel confident buying on the dip, even in the face of extreme volatility, because one way or another, they'll regain their footing and come roaring back, as they've done so many times in the past.

Bank of Montreal: A TSX Dividend King for TFSA investors to bank on

Bank of Montreal (TSX:BMO)(NYSE:BMO) has paid a dividend for over 190 consecutive years — a streak that I don't think will come to an end anytime soon, despite the perfect storm that's hit the bank and its peers. The Canadian banks were under pressure last year because of the Canadian credit downturn. Then came the coronavirus crisis, which kicked the banks when they were already down.

With its fair share of commercial small- and medium-sized business (SMB) loans in the oil and gas (O&G) space, it's not a surprise to see BMO lead the downward charge. With an impeccable capital ratio and a restructure to weather this storm, though, I think many TFSA investors are heavily discounting the bank's ability to mitigate the perfect storm of risks that have continued mounting before it.

BMO is no low-quality regional bank that's more prone to making subprime loans to small, less-creditworthy businesses. With a considerable discount to book (shares trade at 0.9 times book),though, it seems as though it's priced like one. So, if you're looking for long-term value and are willingto go against the grain with the battered Big Six bank, there's a fat and secure 6% yield to collect whileyou wait for peak provisions to pass.

BCE: A low-volatility behemoth and TSX Dividend King for TFSA investors to consider

Up next, we have telecom titan **BCE** (TSX:BCE)(NYSE:BCE), which is a dividend darling that many blue-chip TFSA investors have looked to by default over the years. It's the epitome of a blue-chip stock, especially as we head into what could be the worst recession in recent memory. As a top member of the Big Three Canadian telecom oligopoly, the company has a lot to lose, as the government pushes for more competition and better telecom rates for Canadian consumers.

With media assets and lots of old-tech infrastructure, I guess you could say that BCE is a bloated telecom that's doomed to suffer from downtrending ROIC numbers (ROICs have slowly slid to the single digits in recent years), as competition intensifies in an era of next-gen telecom tech.

While BCE isn't my favourite telecom to bet on at this juncture, I am enticed the juicy 5.8%-yielding dividend, which is well covered and is unlikely to be affected by modest fluctuations to the firm's operating cash flows through this pandemic. Moreover, the stock trades at a modest 8.4 times EV/EBITDA and 2.8 times book, both of which are lower than the stock's five-year historical average multiples of 3.6 and 8.9, respectively.

You're getting a slight discount to one of the few blue-chip stocks that can offer you great certainty amid these unprecedented times. With a mere 0.38 five-year beta, the stock can also act as "shocks" for your portfolio should volatility prevail.

Foolish takeaway

There you have it; BMO and BCE, two dividend heavyweights, deserve a spot in your TFSA at today's depressed valuations. Both stocks sport secure dividend yields around 6% and are worthy bets for TFSA investors looking for long-term value in firms that have been paying out dividends for generations.

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