3 Elite Dividend Stocks for Your TFSA

Description

Earlier this week, I'd discussed the prospect of a second market crash in 2020. Defensive stocks are always a solid option for investors who are looking to protect themselves against volatility. Today, I want to look at three elite dividend stocks that would be perfect in a Tax-Free Savings Account (TFSA). These income-yielding equities have all achieved at least 20 consecutive years of dividend growth.

TFSA investors: One regional bank dividend stock that has a strong history

Canada's top banks released their second-quarter earnings in late May. Provisions for credit losses soared at the Big Six in response to the volatile economic situation, but there was still reason for optimism for the remainder of the year. Surprisingly, it is a regional bank that has the longest dividend-growth streak on the TSX.

Canadian Western Bank primarily services customers in Western Canada, but it is making a push in the east. Shares of Canadian Western have climbed 28% month over month as of close on June 18. Back in early May, I'd suggested that investors should pick up the stock at a discount.

Shares of Canadian Western still possess a favourable price-to-earnings (P/E) ratio of 8.2 and a price-to-book (P/B) value of 0.8. In Q2 2020, the bank increased its quarterly dividend to $0.29 per share. This represents a solid 4.7% yield. Canadian Western has delivered dividend growth for 29 consecutive years. This elite dividend stock is still worth buying right now.

Fortis: A future dividend king

A dividend king is a stock that has achieved at least 50 consecutive years of dividend growth. As it stands today, the TSX does not have a dividend king in its ranks. **Fortis** (TSX:FTS)(NYSE:FTS) is the best candidate to reach this milestone this decade. Shares of the St. John's-based utility have climbed 14% over the past three months.

Fortis has managed to deliver 47 consecutive years of dividend growth. It last increased its quarterly distribution to $0.4775 per share, which represents a 3.6% yield. The company's aggressive five-year capital plan is expected to support huge growth in its rate base. This, in turn, will propel an annual dividend-growth rate of 6% through 2024.

TFSA investors would be hard pressed to find a more elite dividend stock than Fortis for the long term.

Another top dividend stock to snag this summer

Canadian National Railway (TSX:CNR)(NYSE:CNI) is engaged in the rail and related transportation business. Its shares have increased 3.8% in 2020 so far, and the stock is up 10% month over month. The company released its first-quarter 2020 results on April 27.

Revenues came in at $3.54 billion — flat from the prior year. Meanwhile, adjusted diluted earnings per share increased 4% year over year to $1.22. Blockages in February and the COVID-19 pandemic, which started to severely impact businesses in March led to lower volumes in the quarter. Regardless, CNR is a dividend stock you can trust for the long haul.

Shares of CNR last had a favourable P/E ratio of 19. The stock last paid out a quarterly dividend of $0.575 per share, representing a modest 1.9% yield. CNR has delivered dividend growth for 24 consecutive years.

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1. Dividend Stocks
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