



TFSA Investors: 3 Top Dividend Stock to Buy With \$3,000

Description

Investors with a bit of extra cash are searching for top dividend stocks to add to their [TFSA](#) income portfolios.

Top income stocks

The **TSX Index** is home to many stocks with attractive dividend [yields](#) today. Some are safer bets than others.

In the current environment, where we don't know how the economic recovery will emerge, it might be a good idea to add stocks that provide essential services. Companies that thrive in a low-rate scenario would also be attractive today. The U.S. Federal Reserve doesn't plan to hike rates until at least 2022. The Bank of Canada will likely follow the Fed's lead.

Telecoms and utilities, for example, use debt to fund growth and normally benefit from cheap borrowing rates. In addition, stocks in these sectors tend to pull conservative investment money when GICs and bonds offer returns that barely keep up with inflation.

Let's take a look at three stocks that appear attractively priced right now and should be solid dividend picks for an income portfolio through the pandemic.

TC Energy

TC Energy ([TSX:TRP](#))([NYSE:TRP](#)) is the former TransCanada. The company primarily owns natural gas pipeline and storage infrastructure in Canada, the United States, and Mexico. TC Energy also has power production facilities that generate reliable cash flow to help fund capital programs and the dividend.

TC Energy's development portfolio is robust, with a \$43 billion secured capital program through 2023. As a result, the company expects to boost the dividend by 8-10% in 2021 and 5-7% per beyond next

year.

The stock trades near \$60 at the time of writing and offers a 5.4% yield. The 2020 high is above \$76 per share, so there is decent opportunity for gains in the next few years.

BCE

BCE ([TSX:BCE](#))([NYSE:BCE](#)) is Canada's largest communications services provider. The stock has a long history of delivering steady dividend growth. Revenue hits in the firm's media assets during the lockdowns will hurt 2020 results, but investors will still likely see a modest dividend hike in 2021.

BCE invests billions of dollars in infrastructure upgrades to ensure its customers have world-class access to the content they need for work or entertainment. The 5G opportunities should drive ongoing revenue growth in the coming years. BCE's streaming service is popular and its fibre-to-the-premises initiative should help widen the company's competitive moat.

The stock trades at \$57. It briefly dipped below \$50 in March and was as high as \$65 earlier this year. The current dividend provides a 5.7% yield.

Fortis

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) is a utility company with total assets of \$57 billion located in Canada, the United States, and the Caribbean.

Nearly all of the revenue comes from regulated businesses, including natural gas distribution, power generation, and electricity transmission. Fortis grows through acquisitions and investment in new projects.

The \$18.8 billion capital program will boost the rate base from \$28 billion in 2019 to \$38.4 billion by 2024. This should drive adequate revenue and cash flow increases to support targeted dividend hikes of 6% per year over that time frame.

Fortis raised the payout in each of the past 46 years, so investors should be comfortable with the outlook.

The stock trades near \$52.50 at the time of writing. It hit a closing low around \$42 at the worst point of the March crash and traded above \$58 in February. The yield is a bit low at 3.6%, but you get a reliable holding for the portfolio with great dividend growth on the horizon.

The bottom line

TC Energy, BCE, and Fortis all trade at attractive prices today and offer steady dividends that should continue to grow. If you have some cash to put to work in an income fund, these stocks deserve to be on your radar.

CATEGORY

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