TFSA Investors: 2 Dividend Stocks to Own Through 2030

Description

Nearly three years ago, I discussed how demographics could shape the investing world in the future. Like many countries in the developed world, Canada is wrestling with an aging population. This is a trend that Tax-Free Savings Account (TFSA) investors should pay attention to and look to capitalize on.

Today, I want to look at two dividend stocks worth holding for the rest of this decade.

Why you should focus on long-term care this decade

The COVID-19 pandemic has thrust the spotlight on Canada's long-term care facilities. Unfortunately, it has often been a story of tragedy. Over 80% of deaths with COVID-19 have occurred in LTC facilities in this country. Public and private entities have acknowledged that there must be improvement on this front. TFSA investors may want to target two top dividend stocks in this space.

A late 2017 study from the Conference Board of Canada estimated that Canada would require an additional 199,000 long-term care beds by 2035. Moreover, these new beds will require roughly $64 billion in capital spending and $130 billion in operating spending over the projected period.

Better yet, this investment and spending would contribute a total of $235 billion to real GDP. TFSA investors should seek to get in on this burgeoning sub-sector.

Two top dividend stocks to snag in your TFSA

Sienna Senior Living (TSX:SIA) is a Markham-based company that provides senior housing and long-term care (LTC) services in Canada. Its shares have dropped 46% in 2020 as of close on June 29. The company released its first quarter 2020 results on May 13.

Average occupancy in the company's LTC portfolio stood at 97.9% in Q1 2020, an attractive level. Revenue increased 1.7% year over year to $166.4 million and operating funds from operations (OFFO) climbed 13.4% to $0.365 per share.

Its revenue growth was powered by inflationary increases in flow-through funding in LTC and funding revenues to support COVID-19 costs.

Shares of Sienna Living last had a favourable price-to-book value of 1.2. TFSA investors should be interested in its monthly dividend of $0.078 per share. This represents a monster 10% yield.

Extendicare (TSX:EXE) provides care and services for seniors across Canada. Its stock has increased 32% in 2020 as of close on June 29. Shares have been most static over the past month. The company released its first-quarter 2020 results on May 14.

It achieved revenue growth of 2.3% in Q1 2020, largely on the back of LTC and COVID-19 funding enhancements. Earnings from continuing operations climbed $0.8 million year-over-year to $1.9 million. Extendicare's NOI margin its long-term care segment rose to 11.5%, while average occupancy stood at a solid 97%.

TFSA investors have a few solid reasons to scoop up this stock right now. Extendicare stock last had a price-to-earnings ratio of 15. This is attractive value territory relative to industry peers.

Moreover, Extendicare offers a monthly distribution of $0.04 per share, representing a tasty 8.7% yield.

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1. Dividend Stocks
2. Investing

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2. TSX:SIA (Sienna Senior Living Inc.)

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