Top TFSA Stocks I'd Buy Right Now and Never Sell

Description

Which stocks, when you buy for your Tax-Free Savings Account (TFSA), should you never sell?

If you're in it for the long haul, then you should have a portfolio of stocks that gradually add to your wealth without you being worried about the daily market noise.

One way to achieve this goal is to buy dividend-growth stocks for your TFSA portfolio. These companies consistently reward investors by raising dividends, because they run businesses that have the ability to generate cash in both good and bad times.

These regular payouts don't look substantial, but if you apply the power of compounding, you'll have substantial growth in your investment over time. Compounding is one of the most dominant forces available to individual investors. With enough time, it can turn our small dividend-growth portfolio into something very big.

Once you've decided to put together an income-generating portfolio under your TFSA, the next challenge to overcome is to carefully pick dividend-growth stocks that are right for you.

Top TFSA stocks

For the post-pandemic world, telecom utilities should be on top of your buying list. I like telecom stocks, because they have very simple business models that often produce very strong income flows for their investors.

What supports stability in their cash flows is that no matter what happens to the economy, we have to pay our internet and cellphone bills. These recurring cash flows allow these companies to keep hiking their payouts regularly.

In this space, I like **BCE** (TSX:BCE)(NYSE:BCE), Canada's largest telecom operator. The company has a massive moat that helps it to generate strong cash flows. This leading position in the industry means that TFSA investors will continue to benefit, as the company rewards its investors with higher payouts each year.

Trading at $55.09 at writing, BCE is yielding about 6% and pays a $0.8325-a-share quarterly dividend, which has been growing about 5% per year during the past decade.

Another stock that fits well in this investing strategy is **Canadian National Railway** (TSX:CNR)(NYSE:CNI). The company enjoys a unique competitive advantage in the North American economy. It runs a vast rail network that spans Canada and mid-America, connecting the Atlantic, the Pacific, and the Gulf of Mexico. This wide economic moat means CNR can defend its business, while continuing to pursue growth.

Another reason I like CNR stock is that it offers a great combination of growth and income. This combination is hard to come by, as the majority of income stocks have passed their growth phase; the main reason investors like them is to get a regular income stream.

Over the past 10 years, CNR stock has delivered about 300% growth, including dividends, to long-term investors. Currently, CN Rail is yielding about 2%, paying $0.575 a share quarterly dividend.

Bottom line

Companies that pay regular dividends and grow them over time make a great investment case for long-term investors. Holding these stocks and reinvesting their payouts back into the portfolio is a winning strategy for your TFSA.

CATEGORY

1. Dividend Stocks
2. Investing

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2. NYSE:CNI (Canadian National Railway Company)
3. TSX:BCE (BCE Inc.)
4. TSX:CNR (Canadian National Railway Company)

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