TFSA Investors: 2 Dividend Stocks to Buy and Never Sell

Description

If you don't want to keep checking on your portfolio, consider adding some stable stocks that you can just buy and forget about. The two stocks listed below are safe investments that you can buy today and hang on for decades without worrying about what the markets are doing.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) stock belongs in every portfolio. It's stable, it pays a great dividend, and the company is still looking for ways to grow. The utility stock is also recession-proof and can be a safe place to hold your money during a recession, pandemic, or in the face of any adversity. Demand for Fortis's services isn't going to disappear whether the economy's doing well or not.

In each of the past three years, Fortis's profit margins have come in over 12%. The company is in a good position to absorb a hit to its financials and still be able to post a profit. But that hasn't been a concern for Fortis investors, as the utility company has consistently been in the black in each of the last 10 years.

The stock is a great buy without even touching on its dividend. Fortis currently pays its shareholders a quarterly dividend of $0.4775, which yields 3.7% annually. What makes it even better is that if you hang on to Fortis for decades, your payouts will get a lot larger over time. Three years ago, Fortis's dividend payments were $0.40 per quarter, and they've risen by 19% during that time, averaging a compounded annual growth rate (CAGR) of 6.1%.

In five years, shares of Fortis are up more than 40%, soundly outperforming the TSX and its paltry 9% increase.

Toronto-Dominion Bank

Toronto-Dominion Bank (TSX:TD)(NYSE:TD) is another investment that you can't go wrong with. The top bank stock has taken a beating this year, but that only makes it an even better buy. It may not be recession-proof like Fortis, and it will move along with the general direction of the economy, but TD is still not a stock you'll have to worry about holding in your portfolio.

In each of the past three years, TD's profit margin has been at least 28% of its sales. That's a good chunk of the company's top line, making it through to the bottom line. That makes it easy for TD's profits to grow, which is what's happened over the years. Its net income totaled $11.7 billion in its most recent fiscal year. That's up 50% from the $7.6 billion TD reported five years ago. But as great as its financials look, the dividend is even better.

It may come as a surprise to investors that the conservative TD stock pays a better dividend than Fortis. A big part of the reason for that is TD stock is down around 20% this year, pushing its yield up in the process.

Currently, the bank's quarterly payments of $0.79 yield 5.3% annually — if you buy the stock at $60, and even more if you can buy it at a lower price. The bank has increased its payouts by 32% in three years from the $0.60 that TD was paying its shareholders back in 2017. That averages out a to a CAGR of 9.6% — well above Fortis's rate hikes.

A tough 2020 has put a dent in the TD stock's five-year returns, which now sit around 14% compared to the more than 40% they'd be at it not for the pandemic. However, even at 14%, that's still better than the TSX.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:FTS (Fortis Inc.)
4. TSX:TD (The Toronto-Dominion Bank)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

Category

1. Bank Stocks
2. Dividend Stocks
3. Investing

Tags

1. Editor's Choice

Date
2025/07/03
Date Created
2020/07/14
Author
djagielski