



TFSA: 3 Dividend All-Star Stocks to Own Forever

Description

The Tax-Free Savings Account (TFSA) celebrated its tenth anniversary in January 2019. At the start of this year, the cumulative contribution room in a TFSA rose to \$69,500. Assuming the annual limit rises by another \$6,000, this amount will climb to \$75,500. I love the TFSA as a vehicle for [growth investors](#), but this also a fantastic base for investors who are looking to generate tax-free income this decade.

In July, I'd looked at [three dividend all-star stocks](#). A dividend all-star stock should possess a strong track record, represent a high-quality company, and have an attractive balance sheet. Below are three dividend stocks that I believe fit the bill for a TFSA today.

Why this energy dividend stock is a good target for your TFSA

Canadian Natural Resources ([TSX:CNQ](#))([NYSE:CNQ](#)) is a Calgary-based company engaged in hydrocarbon exploration primarily in Western Canada, the United Kingdom sector of the North Sea, and offshore Côte d'Ivoire and Gabon. Shares of Canadian Natural Resources have dropped 33% in 2020 as of close on August 10. However, the stock is up 20% over the past three months. This energy stock offers a nice dividend for a TFSA.

In the second quarter of 2020, the company generated adjusted funds flow of \$415 million. Liquidity remained strong at \$4.1 billion to end the quarter. However, the company did suffer from curtailed production and lower commodity prices in Q2 2020.

Shares of Canadian Natural Resources last had a favourable price-to-book value of 1.0. On August 6, it announced a quarterly dividend of \$0.425 per share. This represents a tasty 6.2% yield. The company has delivered dividend growth for 20 consecutive years. Canadian Natural Resources is an undervalued stock that offers strong income for a TFSA.

Top bank stocks are still undervalued

Bank of Montreal stock has dropped 20% in 2020, but shares have climbed 13% over the past three

months. Canadian banks saw revenue and earnings take a big hit in Q2 2020, but things are looking up ahead of the third quarter earnings season. Investors can expect to see BMO's Q3 2020 results in late August.

TFSA investors on the hunt for value should be targeting bank stocks right now. Shares of BMO last possessed a price-to-earnings ratio of 10 and a P/B value of 0.9, putting BMO in attractive value territory relative to industry peers. Moreover, the stock last paid out a quarterly dividend of \$1.06 per share, representing a strong 5.5% yield. BMO has achieved dividend-growth for eight consecutive years.

One more dividend stock to snag in TSFA

TFI International ([TSX:TFII](#)) the final dividend all-star stock I want to look at for TFSA Investors. The company provides transportation and logistics services in North America. Its shares have surged 57% over the past three months as of close on August 10.

In Q2 2020, the company saw net cash from operating activities increase to \$227.9 million compared to \$141.4 million in the prior year.

Shares of TFI International past possessed a P/E ratio of 15. The stock looks undervalued relative to industry peers at the time of this writing. TFI International last paid out a quarterly dividend of \$0.26 per share, which represents a modest 1.7% yield. The company has delivered dividend growth for nine consecutive years.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. NYSE:CNQ (Canadian Natural Resources)
2. TSX:CNQ (Canadian Natural Resources Limited)
3. TSX:TFII (TFI International)

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Author

aocallaghan

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