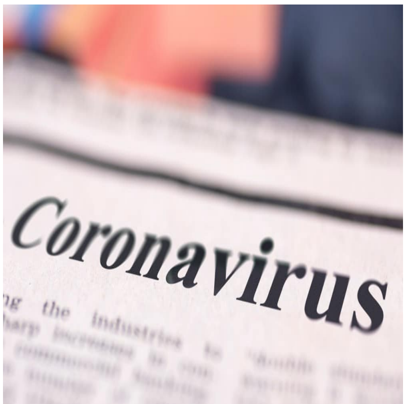

2 Dividend Beasts That Stayed Strong During COVID-19

Description

The novel coronavirus pandemic-driven uncertainty devastated Canadian companies across the board. With a few exceptions on the TSX, almost every company took a massive hit from the panic created by COVID-19.

Some of the most impressive dividend stocks felt compelled to suspend or reduce their dividends this year due to the pandemic. However, some stocks managed to stay strong in the face of adversity and continued their respective streaks.

I will discuss two companies that are shining examples of such TSX dividend-paying stocks: **Fortis** (TSX:FTS)(NYSE:FTS) and **TransAlta Renewables** (TSX:RNW). Investing in these stocks and storing the shares in your Tax-Free Savings Account (TFSA) can allow you to generate substantial and tax-free passive income for years to come.

Fortis

Fortis is a staple asset in the portfolios of stability-seeking investors. It is one of the ultimate safe dividend stocks that has been providing continuous dividend increases for almost 50 years.

The Canadian Dividend Aristocrat did not suffer like most Canadian businesses due to COVID-19 lockdowns. The lockdown kept people at home. It means that the use of residential utilities like electricity and natural gas would rise instead of going down.

The company faced a slight decrease in earnings due to lower commercial use. However, most of its revenue comes from rate-regulated assets that can continue to generate a stable and predictable income.

Fortis is using its increasing revenue to finance its growing dividends. Additionally, it continues to expand through investments in infrastructure that can further boost its rate base.

TransAlta Renewables

TransAlta Renewables owns and operates more than 40 power-generating facilities. It runs both renewable and non-renewable power-generating facilities that earn a substantial income for the company. With almost 60% of its cash flow coming from renewable power generation, it can enjoy increasing cash flows.

TransAlta is a defensive and recession-resistant stock like most utility companies. It has a geographically diversified portfolio of facilities. It has robust operating expertise, and it has extensive experience in constructing and developing projects.

With an increasing focus on renewable power generation across all industries, analysts expect TransAlta's annual growth rate to be around 8.6% in the next five years.

Foolish takeaway

Fortis is trading for $55.02 per share, and TransAlta Renewables is trading for $17.37 per share at writing. The two stocks are paying shareholders at 3.67% and 5.41% dividend yields at the current valuation, respectively.

Fortis is on track to continue increasing its dividend payouts to shareholders. TransAlta's consistent growth is allowing it to broaden its renewable power-generation capacity. Between the dividend increases and capital gains, both companies seem attractive assets for any investment portfolio.

Suppose you are an investor looking for dividend beasts that can continue to provide you with substantial dividend income through the current crisis and beyond. In that case, I think Fortis and TransAlta are both excellent stocks that you can consider adding to your investment portfolio.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks
4. Investing

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2. TSX:FTS (Fortis Inc.)
3. TSX:RNW (TransAlta Renewables)

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