



## The 3 Best Dividend Stocks for TFSA Investors in 2021

### Description

Canadian investors are using their TFSAs to build portfolios of top income stocks. The best dividend stocks in the **TSX Index** today offer reliable dividends, attractive yields, and a shot at some nice capital gains.

### Why Bank of Montreal is a top dividend stock

**Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) paid its first dividend in 1829. Since then, investors received a piece of the profits every year. That's nearly two centuries of steady dividend payments.

The bank survived every major financial crisis in the past 200 years and is in good shape to get through the pandemic. The stock should benefit from a post-pandemic rebound in Canada and the United States due to its significant presence in both countries. Investors might even see an acquisition emerge in the next two years to boost growth.

Bank of Montreal stock trades at fair multiple today and provides a 4.3% yield.

### Is Telus one of the best dividend stocks to buy in 2021?

**Telus** ([TSX:T](#))([NYSE:TU](#)) has historically raised its dividend twice per year. The company is a leader in the Canadian communications industry and also has a growing digital health business. Telus Health really came into its own in 2020, as the digital health products helped patients safely connect virtually with medical experts. The success of the shift to remote health services should accelerate the expansion of the new sector in Canada.

Telus still relies on its wireless and wireline services for most of its revenue and profits. Growth opportunities exist with 5G networks, remote monitoring, and security.

The stock trades near its 12-month high but still deserves to be a solid [TFSA pick](#) today for buy-and-hold dividend investors. The current payout provides a 4.6% yield.

## Enbridge stock remains a great high-yield TFSA pick

**Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) caught a nice tailwind at the beginning of November and continues to drift higher. The stock is up from \$36 to \$44 and could steadily rise through 2021 and beyond. Despite the recent run, the shares are still [cheap](#), trading well below the pre-pandemic price of \$55, and currently provide a 7.5% yield.

The board raised the dividend in late 2020, putting to bed some concerns in the market that a cut could be on the way. Revenue and cash flow remain strong, and ongoing capital projects should help drive distributable cash flow up by 5-7% per year over the medium term. Dividend growth will likely follow the same path.

Enbridge's assets act like toll booths. Once a pipeline is built, it pretty much turns into a cash machine. Government and public opposition to large [pipeline developments](#) increased in recent years, and the trend will probably continue. That means the ones already in service become more valuable.

The oil pipelines had a rough 2020, but volumes should return to near-capacity levels as fuel demand recovers. The natural gas transmission assets continued to deliver solid results last year, as did Enbridge's renewable energy investments.

If you want to buy one of Canada's best dividend stocks at a discount, Enbridge deserves to be near the top of the list in 2021.

## The bottom line

Bank of Montreal, Telus, and Enbridge are among the best dividend stocks on the TSX Index and offer attractive yields. If you have some cash ready to put to work, these stocks should be on your radar.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. NYSE:ENB (Enbridge Inc.)
3. NYSE:TU (TELUS)
4. TSX:BMO (Bank Of Montreal)
5. TSX:ENB (Enbridge Inc.)
6. TSX:T (TELUS)

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