TFSA Investors: 2 Dividend Stocks to Buy and Hold for the Long Term

Description

Finding good dividend stocks to put inside of a tax-free savings account (TFSA) isn't always easy. Some stocks don't pay much while others could be risky investments to hang on to. **Enbridge**, for instance, pays a high yield but investors may not want the exposure to a struggling oil and gas industry. There's no shortage of income-paying stocks that slashed or suspended their payouts last year, especially from that sector.

TFSA investors are better off keeping things simple and investing in companies with bright futures that pose little risk. The good news is that there are a couple of solid stocks on the TSX that can help you do just that:

Jamieson Wellness

Vitamin maker **Jamieson Wellness** (TSX:JWEL) is a top dividend stock to own even though it doesn't offer that great of a yield. At 1.4%, you can find higher-paying dividend stocks out there but Jamieson's stability and long-term success is why this is a worthwhile investment to put into your TFSA. Its payout ratio is below 50% and for dividend investors, that's important as it means that not only does the dividend look safe but there's also room for it to increase.

Jamieson's business has also been doing well during the pandemic, posting $283.3 million in sales over the nine-month period ending September 30, 2020 for a year-over-year increase of 17.2%. Its net income of $26.2 million over that period is also up 41.6% from a year ago. As people are growing concerned about healthcare and their general well-being, they're turning to vitamins and other health products. And that's a trend that may not die down anytime soon.

In the past 12 months, shares of Jamieson are up 35%, and there could be more gains to come over the long term. TFSA investors have a great opportunity to profit not just from the stock's dividend, but also if it continues to rise in value.

Maple Leaf Foods

Investors can earn a bit of a higher yield with food manufacturer **Maple Leaf Foods** (TSX:MFI). Currently, the stock yields 2.6% and although its payout ratio is higher at 74%, it's still manageable and shouldn't concern investors. The company has posted a profit in four of the last five quarters and over the past three periods its sales are up 8.5%, while profits have soared 53.8%.

The company is generating growth from both its meat protein group (which makes up the bulk of revenue) and its plant protein division, which includes its Lightlife brand.

Although its profit margins aren't great at around 3%, Maple Leaf Foods can still make for a good investment for the long term. Its strong brands and the prevalence of the company's products in supermarkets across the country ensure that its sales should remain fairly consistent over time. In 2019, its revenue of $3.9 billion grew 12.8% year over year and the last time its top line was below $3.5 billion was 2016.

Shares of Maple Leaf Foods are down around 4% from where they were a year ago, and now could be a good opportunity to buy the stock.

CATEGORY

1. Dividend Stocks
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2. TSX:MFI (Maple Leaf Foods Inc.)

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