



3 Dividend Champions to Stash in Your TFSA Right Now

Description

Dividend champions are a rare breed, indeed. Like the Dividend Aristocrats and Dividend Kings, they've made paying out rich, growing dividends a habit over the course of many decades. Their dividends have been through thick and thin, [crisis after crisis](#), rising out intact every time. In this piece, we'll highlight three of my favourite blue-chip dividend stocks that you should strongly consider [buying and holding in your Tax-Free Savings Account \(TFSA\) forever](#).

Dividend champion #1: Bank of Montreal

Bank of Montreal ([TSX:BMO](#))([NYSE:BMO](#)) is a Canadian bank with a dividend that's been through more than its fair share of economic downturns, recessions, crises, and all the sort. The Great Coronavirus Recession (GCR) of 2020 acted as a major punch to the gut of the Big Six bank we know as "Big Blue." The bank had a big chunk of oil and gas (O&G) loans, which were sure to sour, as oil prices collapsed, briefly plunging into negative territory just under a year ago. Some thought steep provisions would cause the Dividend Champion to do the unthinkable: cut its dividend.

As it turned out, fears were overblown and if you bought on the crash, you locked in a dividend yield north of 7% alongside a quick gain, as shares bounced sharply into year's end.

While the "steal" of a lifetime is gone, I still think BMO is a must-buy here, as headwinds turn to tailwinds. Just a year later and things are looking up for the Canadian bank, so TFSA investors should take notice. We could be looking at a rising rate environment sooner than expected and O&G may be seen as a source of strength. With less exposure to Canada's dangerously frothy housing market, BMO gets the honour of today's "best bank for your buck."

Dividend champion #2: Royal Bank of Canada

Sticking with the banking theme, we have **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)), another Canadian income play that you can bank on. Amid the worst of the GCR, Royal was able to hold its own rather well, thanks in part to its robust capital markets and wealth management businesses that

acted as buoys to keep the bank's head above water, as its smaller brothers sunk during the first wave of coronavirus cases.

Royal Bank has brilliant managers running the show and they're worth paying up for. At 14.4 times earnings, Royal stock is anything but pricier than its peers, but TFSA investors are getting a lot for the premium price tag. Shares are sitting at fresh highs at around \$116, yet I still think the name has more room to run, as the remarkably resilient capital markets and wealth management businesses continue to pick-up momentum. And if interest rate hikes hit within the next three years, Royal Bank will really be in a spot to take off.

Dividend champion #3: Fortis

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) is a bond proxy that should serve as a foundation to any long-term-focused TFSA. Shares of the regulated utility are starting to pick up traction after a year of treading water, over COVID-19 woes and the increased risk appetite of TFSA investors. With value making its return to the limelight, Fortis stock is where you'll want to be if you seek to maximize your risk-adjusted returns over the coming 18 months.

The stock boasts a 3.8% dividend yield. And it will keeps on growing at a mid-single-digit rate thanks to the firm's predictable growth plan. It doesn't matter what crisis Mr. Market serves up next, Fortis is the ultimate sleep-well-at-night stock and as the value trade heats up, I think you need to get in now before the value disappears.

Foolish takeaway for TFSA investors

There you have it, three solid dividend champions. I personally own Fortis and BMO and will look to add on any future weakness. If I had to pick one to buy right now, I'd have to go with Fortis. Shares are too cheap for their own good here and I think we could be on the cusp of a bond-to-bond-proxy rotation through 2021.

CATEGORY

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2. NYSE:FTS (Fortis Inc.)
3. NYSE:RY (Royal Bank of Canada)
4. TSX:BMO (Bank Of Montreal)
5. TSX:FTS (Fortis Inc.)
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