



TFSA Investors: 2 Canadian Dividend Stocks to Buy and Hold Forever

Description

The [Tax-Free Savings Account](#) (TFSA) has been an invaluable tool for Canadian investors to help them achieve various long- and short-term financial goals. One of the best ways to use a TFSA is to create a portfolio of high-quality and income-generating assets in the account to grow your wealth through tax-free earnings from your investments.

[High-quality dividend stocks](#) that can offer you virtually guaranteed and reliable income are excellent assets that you can use to begin building such an investment portfolio. I will discuss two such stocks that you can consider if you are a TFSA user seeking dividend stocks.

Algonquin Power & Utilities

Ontario-based **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) is a Canadian utility company, but it has most of its power-generation assets located in the United States. Its renewable power-generation assets being in the U.S. is a significant advantage of the company, especially due to the Biden administration's increased focus on renewable power generation.

Algonquin Power owns and operates several renewable power-generation facilities, including solar, wind, hydroelectric, and geothermal facilities. The company also operates a natural gas and water distribution business. The company has grown significantly over the last three decades through organic growth and strategic acquisitions.

Catering to over one million customers, the company has the capacity to generate over three gigawatts of electricity. The company makes for an excellent dividend pick for your portfolio due to its juicy 4.22% dividend yield. Algonquin Power has raised its dividend payouts by 10% over the last 10 years, and it has the potential to continue increasing shareholder dividends for a long time.

TransAlta Renewables

TransAlta Renewables ([TSX:RNW](#)) is another renewable energy stock pick that could make an

excellent investment for a TFSA dividend income portfolio. Owned by **TransAlta Corp**, TransAlta Renewables effectively serves as the renewable segment subsidiary for its parent company. TransAlta Renewables owns and operates several power-generation assets, including wind, hydroelectric, and natural gas power-generation facilities diversified across Canada, Australia, and the U.S.

TransAlta Renewables purchases assets from the parent company and invests in organic projects. It also relies on strategic acquisitions to fuel its growth. The company has been popular among its shareholders due to its generous dividend payouts. TransAlta has also become popular for its impressive returns as it has almost doubled over the last few years.

Trading for \$20.39 per share at writing, TransAlta Renewables stock boasts a juicy 4.61% dividend yield, making it an attractive dividend stock pick. The company generated \$123 million in comparable EBITDA in the first quarter of fiscal 2021, and it has an impressive \$1 billion liquidity that makes it an even more attractive asset to consider for your TFSA portfolio.

Foolish takeaway

If you are an income investor looking for stocks that offer decent dividend yields and upside potential through capital gains, Algonquin Power and TransAlta Renewables could be ideal stock picks for your [passive-income](#) TFSA portfolio.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:RNW (TransAlta Renewables)

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