



3 Amazing Dividend Stocks for New TFSA Investors

Description

The TFSA is a great tool for new investors who want to start investing in top Canadian dividend stocks.

TC Energy

TC Energy ([TSX:TRP](#))([NYSE:TRP](#)) is a leading player in the North American energy infrastructure industry with more than \$100 billion in assets located in the United States, Canada, and Mexico. The company's businesses are heavily weighted to natural gas transmission, with power plants and oil pipelines rounding out the portfolio.

Natural gas has a bright future. The fuel releases significantly less carbon dioxide than oil or coal when burned to produce electricity. It is also used in tens of millions of homes and businesses to warm buildings, heat water, and cook food. As the world transitions from fossil fuels to renewable energy, natural gas is viewed by many countries as a reasonable option to get away from burning oil and coal until sustainable and reliable power can be sourced via cleaner technologies.

TC Energy is working through a \$21 billion capital program that will support steady revenue and cash flow growth. As a result, the board expects to raise the dividend by 5-7% per year over the medium term. The stock appears [undervalued](#) right now near \$58 per share and provides a 6% dividend yield.

Fortis

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) is a utility company with power generation, electric transmission, and natural gas distribution assets located in Canada, the United States, and the Caribbean. The stock is a great pick for dividend investors who want to own a reliable company without having to watch the share price every week.

Fortis has raised the dividend in each of the past 47 years and is targeting an average 6% per year increase through 2025. The company has a great track record of growing the business through a combination of strategic acquisitions and organic developments. The current \$19.6 billion capital

program will boost the rate base from \$30 billion in 2020 to \$40 billion in 2025.

Royal Bank

Royal Bank ([TSX:RY](#))([NYSE:RY](#)) has delivered great returns for long-term investors, and that trend should continue. Canada's largest bank by [market capitalization](#) is also one of the biggest in the world. The company's size gives it the financial firepower needed to compete for big financing deals, and Royal Bank has the clout to make large strategic acquisitions when attractive opportunities surface.

The bank has navigated the pandemic in good shape. Royal Bank generated \$4 billion in profits in fiscal Q2 2021. Some pain could be on the way once government aid programs end and highly leveraged businesses or homeowners run into trouble, but Royal Bank is more than capable of absorbing the anticipated hit. In fact, it set aside too much cash last year to cover potential loan losses. This means investors should see generous dividend increases and share buybacks as soon as the government allows Royal Bank and its peers to restart these programs.

The stock isn't cheap right now, but trying to time dips in Royal Bank's shares often results in lost dividends and missed upside in the share price. Investors who buy now can pick up a decent 3.3% dividend yield.

The bottom line for new TFSA investors

Quality dividend stocks should perform well over the long run for a TFSA portfolio. TC Energy, Fortis, and Royal Bank have great track records and deserve to be strong anchor picks to start a dividend-focused TFSA.

CATEGORY

1. Dividend Stocks
2. Investing

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2. NYSE:RY (Royal Bank of Canada)
3. NYSE:TRP (Tc Energy)
4. TSX:FTS (Fortis Inc.)
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6. TSX:TRP (TC Energy Corporation)

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