TFSA Income: 2 Top Defensive Dividend Stocks to Buy in January

Description

The **TSX Index** is due for a pullback and that has income investors searching for defensive dividend stocks to add to their self-directed TFSA portfolios.

Fortis

Fortis (TSX:FTS) (NYSE:FTS) is a utility company based in Halifax. The firm owns $57 billion in assets in Canada, the U.S., and the Caribbean focused on power generation, electric transmission and natural gas distribution.

Fortis gets most of its revenue from regulated businesses. This means cash flow tends to be reliable and predictable, which is great for dividend investors who need steady income that continues to grow with the company's asset base.

Fortis has a great track record of expanding through acquisitions and internal projects. The main focus is the $20 billion capital program that will increase the rate base by about 6% per year through 2026. Fortis plans to raise the dividend by a similar amount through at least 2025.

The company hasn't made a large acquisition for a few years, but a new deal wouldn't be a surprise in 2022 or 2023. If that happens, the board could increase the the size of the anticipated distribution increases. Fortis has raised the dividend in each of the past 48 years.

The stock is a good defensive pick for investors who are concerned about a market correction in 2022. At the time of writing, Fortis offers a 3.5% dividend yield.

BCE

BCE (TSX:BCE) (NYSE:BCE) is Canada's largest communications company with a market capitalization of $60 billion. Size matters in this industry as it requires billions of dollars of investment in new infrastructure to ensure customers continue to have access to world-class wireless and wireline services.

BCE continues to expand its fibre-to-the-premises initiative. The strategy of running fibre optic lines right to the building of its customers makes sense. Ownership of the line that delivers the broadband services helps protect BCE's competitive moat.

BCE is also building out its 5G network. The company spent $2 billion on 3500MHz spectrum in 2021 to serve as the foundation for the expansion of its 5G offerings. The new technology opens up new revenue opportunities for BCE and investors should see the benefits in the coming years.

BCE also has a media group that owns radio stations, a TV network, specialty channels, an advertising business and retail locations, as well as positions in pro sports franchises. The pandemic put a dent in media revenue, but the division saw a nice rebound in 2021. That trend should continue in 2022.

BCE is a long-time favourite among income investors for its stable and generous dividend. Investors who buy the stock at the current price can pick up a solid 5.3% dividend yield.

The bottom line on top TFSA income stocks

Fortis and BCE are great buy-and-forget stocks for dividend income. The companies provide essential services and should perform well even when economic conditions weaken. If you are searching for top TFSA income picks that tend to hold up well when the overall market hits a rough patch, these stocks deserve to be on your TFSA radar.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:FTS (Fortis Inc.)
3. TSX:BCE (BCE Inc.)
4. TSX:FTS (Fortis Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. aswalker
2. gsmiley

Category

1. Dividend Stocks
2. Investing

Date
2025/07/25
Date Created
2022/01/03
Author
aswalker