TFSA Investors: 2 of the Best Canadian Dividend Stocks to Buy Right Now

Description

If you look at historical trends, inflation rates and stock market performance are inversely related to each other. However, that statement holds true only to a certain extent. There are pockets of opportunities in the stock market that could continue to provide decent investment returns during inflationary environments.

The Tax-Free Savings Account (TFSA) is a wonderful financial tool for investors looking to keep more of their investment returns by minimizing their tax bills. TFSA investing with stocks that can provide stable returns and potentially outpace the broader market during uncertain markets could set you up for significant long-term wealth growth.

Today, I will discuss two TSX stocks that offer stable dividends and could outperform the broader market in the current environment.

Hydro One

Hydro One (TSX:H) is a utility business that could provide you with an attractive hedge against market volatility. Financial markets are still in limbo due to the uncertainties created by the Russia-Ukraine war. However, utility businesses are secure. The essential nature of their services makes them non-cyclical stocks that can perform well regardless of macroeconomic factors.

Companies that can perform well, despite broader economic uncertainty are reliable income-generating assets during uncertain market environments. Hydro One is a $19.44 billion market capitalization electric utility business operating in Ontario. The company is different from its peers in that it is not involved in energy generation. It owns and operates electric transmission and distribution assets.

Its low-risk business model and lower capital expense requirements offer more stability to its finances. Hydro One stock trades for $32.49 per share at writing, and it boasts a 3.28% dividend yield.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is a $114.72 billion market capitalization multi-national pipeline company headquartered in Calgary. The company owns and operates an extensive network of energy transportation and storage assets, servicing energy producers in North America. The company is responsible for transporting a significant portion of all the oil and natural gas consumed in the region.

It is a well-established, well-capitalized, and mature company that operates a stable business model. Commodity price fluctuations can impact its cash flows. Still, it boasts a wide enough economic moat to make it through them, as evidenced by its performance during the recent-most oil price decline in the pandemic.

Its long-term, fixed-free contracts and throughput volumes play a bigger role in generating its cash flows, allowing the company to fund its growing shareholder dividends comfortably.

Enbridge stock trades for $56.62 per share at writing, and it boasts a juicy 6.08% dividend yield.

Foolish takeaway

Companies that provide an essential service and strong business models can weather inflationary environments better than others. Hedging your bets against inflation requires making sound investment decisions based on factors contributing to the broader market's performance.

Hydro One stock and Enbridge stock are two assets that are well positioned to deliver reliable shareholder returns and potentially outpace the broader market in the current environment. It might be worth your while to add shares of these two companies to your self-directed portfolio right now.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)
3. TSX:H (Hydro One Limited)

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. adamothman
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Tags

1. Editor's Choice

Date
2025/08/30
Date Created
2022/03/29
Author
adamothman