TFSA Investors: If You Like Dividends, You Should Love These 3 Stocks

Description

Most investors really like dividends. To use a holiday comparison, getting a dividend is like unwrapping a Christmas present from a much-loved relative. You know what it is, you have come to count on it, and you fully expect to receive it next year (or sooner), too!

With that in mind, here are several stellar dividend stocks to consider adding to your Tax-Free Savings Account (TFSA) before the holidays come.

Good: Two decades of dividend increases and a 6% yield

When evaluating income-paying stocks, investors turn to a multitude of factors. Is the dividend currently sustainable? Is the payout growing to counter inflation? Will the business be around and growing in a decade or more? Is there any defensive appeal in the stock?

Few stocks can attempt to cater to those needs, but **Enbridge** (TSX:ENB) is an option that does that and more. The energy infrastructure behemoth is best known for its extensive pipeline network, which generates the bulk of the company's revenue.

That pipeline network is also incredibly defensive. The segment is responsible for transporting a whopping one-third of all North American-produced crude and does so independently of the volatile price of oil.

Enbridge also operates a growing renewable energy business. That segment comprises of wind, solar, and hydro facilities located across North America and Europe with generating capacity to power over 960,000 homes.

Turning to dividends, Enbridge offers a quarterly payout with a yield of 6.41%. This means that a $45,000 investment in Enbridge will provide an income of $2,880 in the first year. Note that reinvesting those dividends until needed can provide further growth over time.

Speaking of growth, investors should note that Enbridge has provided generous annual upticks to that dividend for 27 consecutive years.

Great: A defensive pick paying out dividends like a king

When mentioning stocks that are for investors who like dividends in a climate of volatility, it's hard not to think about a utility stock. Specifically, the stock to consider is **Canadian Utilities** (TSX:CU).

Utilities offer one of the most stable business models on the market. In short, they earn a recurring and stable revenue stream that is backed by decades-long, regulated contracts. That recurring revenue stream allows the utility to invest in growth while also paying out a juicy yield.

Also worth noting is the defensive appeal of a utility like Canadian Utilities. The business is largely immune to market volatility, and, unlike other necessity-focused stocks, like grocers, there is no downscaling your utility bill.

Despite that defensive appeal, Canadian Utilities has seen its stock price drop in 2022. In recent weeks, that gap has closed, and as of the time of writing, the stock is down just shy of 5%.

While this provides some discount appeal, where Canadian Utilities really shines is with its dividend. The company offers a juicy 5.02% yield, meaning that a $40,000 investment will earn a cool $2,000 in the first year.

As with Enbridge, Canadian Utilities has an established practice of providing annual bumps to that dividend. In this case, however, that practice extends to an incredible 50 consecutive years. This means that Canadian Utilities is the only Dividend King in Canada, and the company has no plans to stop that annual practice.

That factor alone puts Canadian Utilities at the top of any investor shopping list.

Amazing: Like dividends? You'll love this telecom

One final area for investors that like dividends to consider is within Canada's big telecoms. Specifically, **BCE** (TSX:BCE). BCE is one of the largest telecoms, with an extensive, if not enviable coverage area.

BCE offers the usual complement of subscription-based services you would expect from a telecom. Of those services, both the wireless and internet segments are both full of growth potential and should be of interest to investors. That growth potential stems back to changes in work and study habits from the pandemic, the insatiable growth of wireless, and the ongoing rollout of 5G services.

Adding to that, BCE has a massive media segment that provides an alternative yet complementary revenue stream.

The result for investors who like dividends is a stock offering a juicy 5.94% yield, and a must-have for any well-diversified portfolio.

CATEGORY

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3. TSX:ENB (Enbridge Inc.)

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