



3 Forever Stocks for Every Investor's TFSA

Description

I'm not sure if there's a more misunderstood or underutilized financial product than the Tax-Free Savings Account.

Many Canadians haven't bothered to open an account, and a large majority of the people who have one are leaving a lot of return on the table by investing the capital in Guaranteed Investment Certificates and other ultra-safe investments. Sure, getting a 2% interest rate might help you sleep well at night, but it sure isn't going to get anybody rich.

That's why investors need to take a little more risk with their TFSAs. By exposing their TFSAs to high-quality, dividend-paying stocks, investors can get the best of both worlds. Current yields are generally higher than comparable GIC rates, and there's potential for capital appreciation. That's a much better deal than just leaving the cash in the bank.

Of course, investors don't want to spend a lot of time researching and trading in and out of positions, which is why most investors are best suited to identify the highest-quality companies in Canada and simply buy a few shares of each on a consistent basis. Here are three of the best to get you started.

1. Toronto Dominion Bank

Even though each of Canada's large banks is worth owning, there's one that stands a little ahead of the rest, and that's **Toronto Dominion Bank** ([TSX: TD](#))([NYSE: TD](#)).

It has perhaps the best retail banking operations in Canada. It and **Royal Bank of Canada** are virtually neck-and-neck in the race to become Canada's largest lender, and the company's wealth management, insurance, and credit card divisions continue to be strong — especially thanks to its recent acquisition of the Aeroplan Visa from **Canadian Imperial Bank of Commerce**, with its more than 500,000 card holders.

Plus, the bank has potential to expand its operations in the United States. About a quarter of its net profit comes from operations south of the border, with a big presence in the northeast. Not only could it acquire a small competitor — there are literally thousands of small banks in the U.S. — but it could

also expand its wealth management or insurance divisions. The possibilities are almost endless.

2. Rogers Communications

These days, considering how well the market has performed, there aren't many opportunities for investors to pick up a world-class company at a relatively cheap price. **Rogers Communications** ([TSX: RCI.B](#))([NYSE: RCI](#)) gives investors just that chance, because its shares have fallen to near 52-week lows.

The company remains Canada's wireless leader, so far surviving the onslaught from **Telus**. It also has solid numbers coming from its internet, home phone, and television divisions. The TV division should get a boost from the company's huge \$5.2 billion deal to have exclusive Canadian rights to broadcast coast-to-coast NHL games, starting next season.

Plus, the company is trading at a relatively cheap 13 times earnings, and gives investors a generous 4.35% dividend. This is a terrific opportunity for investors to pick up a world-class company at a pretty cheap price.

3. Canadian Oil Sands

As much as we'd like to live in a world where electric cars are cheap and problem-free, the technology is a long way away from being able to replace our fleet of gas guzzlers. This is good news for investors of **Canadian Oil Sands** (TSX: COS), one of the largest producers in the region.

Most oil companies have to constantly worry about replacing reserves, which takes away from available cash for dividends. Canadian Oil Sands doesn't have to worry much about this, since it has about 50 years of reserves left based on current production levels. Experts believe there's more than a century's worth of oil in Alberta's north.

Barring a huge downward shock to oil prices, this built-in demand makes the company's 5.9% dividend very secure. Even if the United States is close to energy independence, by the time that happens Canada should hopefully have the infrastructure ready to be able to ship crude over to Asia, taking advantage of the demand coming from China. Investors will do well buying this pearl of the energy sector.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:RCI (Rogers Communications Inc.)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:RCI.B (Rogers Communications Inc.)
4. TSX:TD (The Toronto-Dominion Bank)

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