



Stuff Your TFSA With These 3 Dividend Stocks... Before it's too Late

Description

Newly elected Canadian prime minister Justin Trudeau made a whole bunch of promises during his party's campaign.

One of the biggest ones for investors was his pledge to scrap the new \$10,000 limit on TFSA contributions, rolling back the limit to the pre-2015 level of \$5,500. Trudeau's view is that a larger TFSA limit would mostly help rich Canadians at the expense of the folks who aren't as fortunate.

It'll be nearly impossible for the Liberals to make Canadians who have already contributed to their TFSAs take the extra cash out of the account. This means that such a rule will either be implemented for 2016 or it'll be announced in a few weeks that all contributions for 2015 from that date on will only be allowed up to \$5,500.

Either way, there's a very easy argument to be made for contributing that money now. Even if rules don't change, you'll have that money growing sooner rather than later. Opportunity cost is very real, especially in this unique situation.

The only real decision is which stocks to invest in. Here are three dividend payers I think would make a good addition to any TFSA.

Saputo

Saputo Inc. ([TSX:SAP](#)) has been one of the best growth stories on the TSX over the last 20 years.

Essentially, it's a growth-by-acquisition story. It started by consolidating the milk industry in Canada before moving on to the U.S. and doing a handful of acquisitions there. It has also expanded into Argentina, and, most recently, Australia. Other potential targets include Brazil, New Zealand, or further consolidation in North America.

The big long-term prize is China. The country currently consumes just a fraction of milk products compared with other richer Asian countries, which in turn aren't big milk drinkers compared to North America and Europe. If China could just increase its consumption in line with other countries in Asia,

the country would collectively triple its dairy consumption, which would be a game changer for the industry. Saputo's Australian subsidiary has already started to ship dried milk products to China.

Saputo also offers terrific dividend growth. Since 2006, the quarterly dividend has increased from \$0.05 per share to \$0.135. The payout ratio is still small as well, meaning there's still tons of dividend-growth potential.

Cineplex

When big screen high-definition televisions became popular, many experts predicted the demise of the movie theatre industry. Why spend \$20 to go to a movie when you have a big TV at home?

But **Cineplex Inc.** ([TSX:CGX](#)) has shown that watching something in your basement just doesn't compare to watching it on the big screen. The company has also done a nice job maximizing its offerings that aren't movies; for example, it has issued a branded credit card and expanded into showing live events on their screens. Management has also done an excellent job getting folks to spend more on popcorn and other snacks, and has really pushed its Scene rewards program, which boasts more than six million members.

Cineplex also has a great dividend that pays \$0.13 per share monthly, good enough for a yield of 3.2%. The company has really gotten serious about dividend growth over the last five years, increasing the payout by nearly 20% since 2011.

National Bank

Shares of **National Bank of Canada** ([TSX:NA](#)) have suffered lately as investors have punished the bank for issuing \$300 million in new shares to help satisfy regulatory capital requirements.

This has created an opportunity to buy shares in a company that has consistently been one of the best performers on the TSX. With the exception of the Great Recession in 2008-09, National has steadily grown both market share and profits, all while operating in the shadow of Canada's largest banks.

Perhaps the biggest reason to own National Bank shares is the dividend. Shares currently yield 4.9%, which is one of the highest yields in the sector. The sub-50% payout ratio helps ensure the safety of the payout as well.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. TSX:CGX (Cineplex Inc.)
2. TSX:NA (National Bank of Canada)
3. TSX:SAP (Saputo Inc.)

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