2 Dividend Stocks I'd Buy for My TFSA Right Now

Description

As of 2017, the maximum allowable amount that Canadians can contribute, cumulatively, to their Tax-Free Savings Account (TFSA) was $52,000.

This means that for many Canadians, their TFSA account likely makes up a small proportion of their overall investments.

It may be that these Canadians use their TFSA as a "side account," managing it themselves, maybe experimenting with different techniques on how to beat the market, or perhaps making riskier investments than they would take in their registered retirement savings plans, or RRSPs.

Or, for younger Canadians, the TFSA may make up the majority, or even all, of their investment portfolio. But owing to age, these Canadians are likely investing for the longer term, seeking out capital gains at the expense, if you will, of current income.

The type of investments being sought out by either category of investor will have less of an emphasis on dividends as a result.

Yet it's always good to see that the company you are making an investment in pays some kind of a dividend, even a small yield. This shows some commitment to return capital to shareholders, which is the ultimate aim of investing, and it also gives some level of comfort that the company's cash position is in good order.

These two stocks offer solid potential for outsized gains in terms of capital appreciation, while also offering investors a reasonable return while they wait.

DHX Media Ltd. (TSX:DHX)(NASDAQ:DHXM)

DHX Media, over the past few years, has been aggressively buying up children's television content, which culminated with the purchase of TV broadcaster "The Family Channel" last year.

As a result, the company now boasts what many feel is a difficult-to-replicate library of content.

This puts DHX in an enviable position as over-the-top video companies like **Netflix, Inc.**, **Amazon.com, Inc.,** and Hulu scramble to build their children's content in an effort to balance their offerings and become more well-rounded media companies.

DHX holds a strong financial position with cash of $320 million compared to a market capitalization of just over $830 million, meaning that the reported price-to-earnings multiple of 13.5 times is overstated considerably, after netting out the cash.

But the real kicker with DHX is the growth.

The company has averaged annual growth north of 30% over the past 10 years, and while it has taken some time for this to materialize into profits, that may be just around the corner; earnings per share are expected to jump by at least 34% in 2018.

Macdonald Dettwiler & Associates Ltd. (TSX:MDA)

MDA touts itself as a communications and information company, but essentially, the company builds satellite transmission networks for communications companies like **Sirius XM Holdings Inc.** and provides intelligence services to organizations including the Canadian federal government.

MDA stock has fallen from a high of $95 to $65 amid rumours of a secular decline in the communications satellite industry.

Speculation has it that once some of the company's older contracts roll off the books, there may not be adequate demand to replace them.

Yet this pessimism may be providing a tremendous opportunity for those who have been following the company's aggressive plans to enter the lucrative U.S. federal government defence contract business.

Earlier this year, MDA made a move to acquire competitor DigitalGlobe for $4.7 billion.

The move cements the company's plans to establish a corporation within U.S. borders in keeping with government requirements and is another step towards listing shares on U.S. exchanges.

While the company's dividend yield at 2.27% won't blow your socks off, the company enjoys strong returns on equity, which should lead to years of dividend increases.

Be as Foolish as you can. Don't miss out on these two high-ranking TFSA candidates.

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Author
jphillips