3 Canadian Dividend Stocks to Start a TFSA Retirement Fund

Description

Canadians are searching for top-quality stocks to put inside their TFSA portfolios.

New investors might not have much time to monitor their holdings, so they want companies they don't have to babysit. In addition, people who are using the TFSA to plan for retirement are often looking for companies they can buy and own for decades.

Let's take a look at three Canadian stocks that should be strong candidates for a retirement-focused TFSA.

Sun Life Financial Inc. (TSX:SLF)(NYSE:SLF)

Sun Life has insurance and wealth management operations in Canada, the United States, and Asia.

The Asian operations are of the most interest for investors right now, as the region offers significant growth potential over the coming 20-30 years. Sun Life has worked hard to build a strong presence in India, Malaysia, Indonesia, Vietnam, and the Philippines, as well as China and Hong Kong.

The company should benefit from rising interest rates, as it can earn a better return on the funds it has to set aside for potential claims.

Sun Life pays a quarterly dividend of $0.435 per share for an annualized yield of 3.7%.

Toronto-Dominion Bank (TSX:TD)(NYSE:TD)

TD just reported fiscal Q3 2017 earnings of $2.8 billion. The company is a profit machine and is widely viewed as the safest Canadian bank for investors.

Why?

TD has limited direct exposure to the oil industry, and it gets most of its revenue from retail banking operations, which tend to be less volatile than other segments of the industry, including capital markets.

TD has more branches in the United States than it does in Canada, and the American operations contribute about 30% of the company's earnings. This provides a nice hedge against any potential downturn in the Canadian economy.

TD has a strong track record of dividend growth, and that trend should continue. The current payout provides a yield of 3.6%.

Fortis Inc. (TSX:FTS)(NYSE:FTS)

Fortis owns natural gas distribution, electric transmission, and power-generation assets in Canada, the United States, and the Caribbean.

The company has focused most of its investment activity in the United States in recent years, including the 2016 purchase of Michigan-based ITC Holdings for US$11.3 billion. The company also spent US$4.5 billion in 2014 to acquire Arizona-based UNS Energy.

The integration of the new assets went well, and Fortis expects the added cash flow to support dividend growth of at least 6% through 2021.

Fortis has raised its payout every year for the past four decades, so investors should feel comfortable with the guidance.

The stock provides a yield of 3.6%.

Is one more attractive?

All three companies offer reliable dividends that should continue to grow. At this point, I would probably split a new investment between the three names to get good exposure to Canada, the United States, and Asia.

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2. Investing

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Date
2025/08/26
Date Created
2017/09/21
Author
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