



Add at Least 1 of These 3 Dividend Stocks to Your TFSA

Description

In Canada, wholesale sales dropped 0.5% to \$63 billion in December 2017. Five out of seven sub-sectors reported a decline which represented 65% of total wholesale sales over the course of the month. The personal and household goods sub-sector dropped 3.3% to \$8.5 billion, which represented the largest single decline. However, building material and supplies rose 2.7% to \$9.3 billion.

There are a number of great options that investors can target that offer solid income and the potential for capital appreciation to a TFSA. Let's look at three today.

CanWel Building Materials Group Ltd. (TSX:CWX)

CanWel is a Vancouver-based wholesale distributor of building materials and home renovation products. The stock has declined 10.5% in 2018 as of close on February 22. However, share are up 8.2% year over year. The company is set to release its 2017 fourth-quarter and full-year results on March 8.

In the third quarter, CanWel reported that revenues rose 14.7% to \$316.8 million, and adjusted EBITDA jumped 29.5% to \$21.7 million. Net earnings surged 58.7% to \$11.9 million. The stock also boasts a dividend of \$0.14 per share, representing an 8.5% dividend yield.

CanWel appeared to plateau in early January before succumbing to a slump coinciding with a broader sell-off in the Canadian stock market. Investors should target CanWel ahead of its Q4 earnings as a top income generator and a solid growth option.

Richelieu Hardware Ltd. ([TSX:RCH](#))

Richelieu Hardware is a Montreal-based distributor, importer, and manufacturer of specialty hardware and complementary products. Richelieu stock has dropped 9.8% in 2018 thus far but is up 13.1% year over year. The stock has boasted [attractive growth potential](#) in addition to offering a dividend of \$0.06 per share with a 0.7% dividend yield.

Richelieu Hardware released its 2017 fourth-quarter and full-year results on January 25. Sales were up

14.8% in the fourth quarter to \$250.2 million, and for the full year sales rose 11.6% to \$942.5 million. The aforementioned dividend payout represented a 5.8% increase. Earnings before income taxes increased 9.1% over 2016 to \$103 million.

Exco Technologies Limited ([TSX:XTC](#))

Exco is a Markham-based designer, developer, and manufacturer of dies, moulds, components and assemblies, and other consumable equipment for the die-cast, extrusion, and automotive industries. Exco stock has declined 6.9% in 2018 thus far. In 2017, Exco saw the EBITDA fall marginally to \$83.2 million over \$83.4 million in the prior year.

Exco uses aluminum for its die-casting and extrusion manufacturing, which is of [particular note](#) when considering actions of the U.S. Department of Commerce, as it unveiled a proposal to President Trump that could see a 7% placed on aluminum products from other countries.

In the fourth quarter, Exco raised its quarterly dividend by 6% to \$0.09 per share, representing a 3.6% dividend yield. Foreign exchange movements were a drag on segment sales due to the lower U.S. dollar and Canadian dollar exchange rate.

Exco may come at a bargain at its current price, but I still prefer the two previous stocks to add right now.

CATEGORY

1. Investing

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1. TSX:DBM (Doman Building Materials Group Ltd.)
2. TSX:RCH (Richelieu Hardware Ltd.)
3. TSX:XTC (Exco Technologies Limited)

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Date

2025/08/25

Date Created

2018/02/25

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