



3 Top Dividend Stocks That Are Safe Bets to Outperform the TSX

Description

Typically, you'll have to prioritize whether growth or dividends are more important to you. While growth stocks will likely provide you with [greater returns](#) over time, companies that pay dividends are normally more stable and expose you to less risk. However, not all dividend stocks are the same and you don't have to settle for one with little upside for the sake of a dividend.

A good benchmark is the market, and there are many good dividend stocks out there that can help you beat the TSX and pay a dividend without requiring you to take on a lot of risk. Below are three stocks that meet these criteria that could be great additions to your portfolio today.

Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#)) is one of Canada's top bank stocks, and it has achieved significant growth over the years. It has a very strong presence in the U.S., and the recent tax reforms south of the border will result in [significant savings](#) for the bank.

Canadian banks are as stable an investment as you can find on the TSX. If bank stocks are in trouble, then chances are everything else is as well. However, a strong economy coupled with rising interest rates will mean more revenue for TD in the quarters and years to come.

The bank stock has a strong track record for paying and increasing payouts. Earlier this year, TD raised its dividends and is now paying its shareholders 3.7% per year.

In the past year, TD's stock has risen more than 8%, which is a very strong return compared to the 2% loss that the TSX has produced during that time. If we expand our scope to the past five years, then the delta gets even bigger, with TD's returns climbing to 80% and eclipsing the 24% increase that the TSX has seen during the same period.

Magna International Inc. ([TSX:MG](#))([NYSE:MGA](#)) is one of my favourite stocks on the TSX mainly for its focus on self-driving technologies, as that will create many growth opportunities for the company in the years ahead.

In the past year alone, Magna's stock has risen more than 40% — and that number climbs to 160% when looking at the last five years. What's even more impressive is that the company has been able to

achieve this growth while also paying and increasing dividends. Although its 2% yield may not be enough to attract pure dividend investors, it's a great bonus for those looking for a quality growth stock.

New Flyer Industries Inc. ([TSX:NFI](#)) is a great stock for its simplicity. The bus manufacturer has a simple business model that works and will continue to do so for many years. In the past year, New Flyer has seen its share price rise 18%; over five years it's grown by nearly 500%.

Like Magna, this hybrid stock offers investors the best of both worlds as it pays a modest dividend of over 2% per year.

Any one of these three stocks would be great long-term additions to your portfolio and could provide you with a lot of stability and growth potential while also being a solid source of dividend income.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:MGA (Magna International Inc.)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:MG (Magna International Inc.)
4. TSX:NFI (NFI Group)
5. TSX:TD (The Toronto-Dominion Bank)

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