TFSA Alert: 2 Top Cheap Stocks to Buy Now for 2018

Description

The TFSA, or Tax-Free Savings Account, has an annual contribution limit of $5,500 for 2018 if you've maximized your past years' TFSA contributions. To make the most of this powerful retirement tool, you shouldn't miss any opportunity to buy top stocks for your TFSA while they're trading cheap.

This year is already offering you an opportunity, what with several stocks, especially solid dividend stocks that can multiply your TFSA returns, giving up substantial value in recent months. Here's why TFSA investors should seriously consider **AltaGas Ltd.** (TSX:ALA) and **Rogers Communications Inc.** (TSX:RCI.B)(NYSE:RCI) now.

Rogers Communications stock has lots of room to grow

The wireless market has gathered steam in the past couple of years, which is great news for Rogers Communications — Canada's leading wireless, cable, and internet provider. In 2017, Rogers delivered its "best" wireless numbers since 2009, adding 354,000 net postpaid subscribers and bringing its churn rate down to only 1.2%, evidencing strong brand loyalty and sales momentum.

As of last quarter, Rogers was guiding for 3-5% growth in revenue and free cash flow each for 2018, which indicates continued growth.

Despite that, Rogers stock has been under pressure of late, losing almost 11% value so far this year mainly because of macro concerns. Dividend stocks, especially in defensive sectors like telecommunications, tend to go out of favour in an increasing interest rate environment.

But with Rogers stock now trading at 17 times trailing price-to-earnings (P/E) multiple, which is substantially below its five-year average P/E, sporting double-digit returns on equity and yielding a good 3.4% in dividends, it's time TFSA investors pay attention.

AltaGas stock is too cheap to ignore

There are three incredible reasons why AltaGas stock makes for a great TFSA pick.

First, AltaGas is a dividend aristocrat, or a company that has increased its dividends every year for at least five years. AltaGas has, in fact, increased its dividends every year since 2010.

Second, AltaGas pays a monthly dividend, which is great; and it has grown its dividends at a compound annual rate of 7.5% since 2010. AltaGas maintains a dividend-payout ratio below 60%, leaving significant leg room for further growth.

Third, as an energy infrastructure company with highly regulated and contracted revenue, AltaGas is a defensive stock that should be able to reward shareholders with consistently growing dividends.

Right now, AltaGas stock is offering a jaw-dropping yield of 8.9%, thanks to a 12% drop in stock price year to date. Fears of an expensive impending acquisition of **WGL Holdings Inc.** (NYSE:WGL) are spooking investors, but don't overlook the high growth potential that the acquisition offers.

In fact, AltaGas is committing 8-10% dividend growth between 2019 and 2021. That makes this beaten-up energy stock incredibly attractive for TFSA investors at current prices.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:RCI (Rogers Communications Inc.)
2. TSX:ALA (AltaGas Ltd.)
3. TSX:RCI.B (Rogers Communications Inc.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks
2. Energy Stocks
3. Investing

Tags

1. Editor's Choice

Date
2025/08/25
Date Created
2018/04/18
Author
nehams