



TFSA Investors: 2 Stocks to Start a Canadian Dividend Portfolio

Description

Canadian investors are searching for ways to get the most out of their savings. One strategy involves owning [dividend stocks](#) inside a Tax-Free Savings Account (TFSA).

Income investors can use the TFSA to earn tax-free distributions, while investors focused on building a retirement fund can use the payouts to buy additional shares and take advantage of a powerful compounding process.

Let's look at two companies that might be interesting picks right now to launch your dividend portfolio.

TransCanada Corporation ([TSX:TRP](#))([NYSE:TRP](#))

TransCanada reported strong Q1 2018 results, and more good news should be on the way.

The company is working through \$21 billion in near-term commercially secured developments, of which \$11 billion will be completed and in service by the end of 2018. The remaining \$10 billion is scheduled for completion through 2021. As a result, management expects revenue and cash flow to improve enough to support annual dividend increases of at least 8% over this time frame.

Beyond 2021, TransCanada has an additional \$20 billion in developments under consideration, including Keystone XL, Coastal GasLink, and the Bruce Power life extension. If any one of these large projects gets the green light, TransCanada could boost its dividend-growth forecast.

The stock is down amid the broader pullback in the energy infrastructure sector, giving investors an opportunity to pick up TransCanada at a reasonable price. At the time of writing, the dividend provides a [yield](#) of 5%.

Sun Life Financial Inc. ([TSX:SLF](#))([NYSE:SLF](#))

Sun Life took a hit during the Great Recession, but the company has rebounded nicely and is now focused on growth at home and abroad.

Earnings primarily come from the Canadian and U.S. insurance, wealth management, and asset management operations, but Sun Life is also building an impressive international business, with a specific focus on Asia. The company has increased its ownership in a long-standing partnership in India and has a strong presence in China, Indonesia, Vietnam, Malaysia, and the Philippines.

As the middle class grows in these countries, Sun Life should benefit from rising demand for insurance and wealth management products.

At home, rising interest rates bode well for Sun Life, as it can earn a higher return on the cash it has to set aside for potential claims.

The company has resumed dividend increases, and more hikes should be on the way. At the time of writing, Sun Life offers a yield of 3.6%.

The bottom line

TransCanada and Sun Life tend to fly under the radar of many Canadian investors, but the two companies probably deserve more respect. An equal investment in the two stocks today would provide exposure to Canada, the U.S., and Asia while delivering an average dividend yield of 4.3%.

CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:TRP (Tc Energy)
2. TSX:SLF (Sun Life Financial Inc.)
3. TSX:TRP (TC Energy Corporation)

PARTNER-FEEDS

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

Category

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

Date

2025/08/25

Date Created

2018/05/30

Author

aswalker

default watermark

default watermark