TFSA Investors: 3 Oversold TSX Index Giants to Own for Decades

Description

The broad-based pullback in the TSX Index in October has finally given investors a chance to pick up some of Canada's best stocks at reasonable prices.

Let's take a look at three companies that deserve to be on your TFSA radar right now.

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

TD traded for close to $80 per share in September. Today, investors can pick it up for $73. The stock was even cheaper two weeks ago, but bargain hunters have started to buy, and that trend might continue.

TD is a profit machine, earning more than $3 billion in the most recent quarter. The company is widely viewed as being the safest bet among the big Canadian banks due to its focus on retail banking activities. Some pundits worry that rising interest rates will hit homeowners hard and trigger a wave of mortgage defaults. It is true that a small percentage of people will likely have to sell their properties, but TD's mortgage portfolio can ride out a rough patch.

The bank has a large American division that generates about 35% of the company's total profits. This serves as a nice hedge against tough times in Canada, and the bottom line can get a nice boost when the U.S. dollar rises against the loonie.

TD is targeting earnings growth of 7-10% per year over the medium term and should continue to raise its dividend at a healthy rate. The current payout provides a yield of 3.6%.

At 12.5 times earnings, TD appears reasonably priced today.

BCE (TSX:BCE)(NYSE:BCE)

BCE just reported solid Q3 2018 results, and investors are finally starting to move back into the stock after a steady decline through most of 2018.

BCE has invested billions in expanding its fibre and wireless networks, and the efforts are paying off as homeowners and businesses consume large amounts of data and demand faster networks.

BCE added 266,000 new wireless, internet, and IPTV customers in Q3, representing a 41.5% jump over the same period last year.

Adjusted net earnings per share increased 5.5% year over year, and the company generated $1 billion in free cash flow in the quarter.

BCE remains on track to meet its 2018 guidance, and investors should see dividend increases continue in 2019, and beyond. The current payout should be rock solid and provides a yield of 5.6%.

The stock fell from $62 per share a year ago to a recent low of $51, but is now back above $54 and could continue to climb.

Canadian Natural Resources (TSX:CNQ)(NYSE:CNQ)

CNRL is a major player in Canada's oil and gas sector with arguably the best asset portfolio in the industry covering the natural gas, natural gas liquids, heavy oil, light oil, and oil sands segments.

Strategic acquisitions and the completion of large development projects in the past few years are driving higher production as well as higher revenue and stronger cash flow.

The recent dip in the price of oil could be short-lived, and even if prices remain at current levels, CNRL is capable of generating significant funds from operations. The company raised the dividend by 22% earlier this year and another big hike could be on the way in 2019.

The stock is down from $49 in July to $36.50 per share. Pipeline capacity issues will continue to be a source of concern, but the stock appears attractive today for buy-and-hold investors. The existing dividend provides a yield of 3.7%.

The bottom line

TD, BCE, and CNRL are all leaders in their respective industries and should be solid long-term picks for a TFSA portfolio.

Other top Canadian companies also look attractive right now.

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2. NYSE:CNQ (Canadian Natural Resources)

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4. TSX:BCE (BCE Inc.)
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