3 Dividend Stocks to Get Your TFSA Off to a Great Start in 2019

Description

2019 is almost upon us. If you're an investor, that means it's time to evaluate your portfolio for the year ahead and decide which stocks to buy, which to hold, and which to sell. As we head into the new year, we find ourselves in an economic environment that some are calling a bear market. In turbulent times like these, it's all the more important to reevaluate your portfolio to make sure your holdings hold up.

In prolonged down markets, dividend stocks can be great assets. Dividend income provides a certain "buffer" against the effects of market downswings, which can be a big plus for jittery investors. Furthermore, a decline in a stock's price results in its yield rising (unless management reduces the payout), making down markets particularly good times to buy dividend stocks.

With that in mind, here are three great dividend stocks to round out your TFSA or RRSP in 2019.

Canadian Tire (TSX:CTC.A)

Canadian Tire is an ultra-cheap stock whose dividend yields 3% as of this writing. The stock is up about 50% in the past five years and 264% over the past 10. With dividends reinvested, those figures grow even higher.

Speaking of Canadian Tire's dividends, they have undergone phenomenal growth. In 2013 the dividend sat at just $0.35, but this year it's $0.90 — 157% growth in just five years! Beyond that, Canadian Tire is growing earnings at 15% year over year while having a payout ratio of just 31%, so we can expect the dividend growth to continue.

Emera (TSX:EMA)

Emera is one of the fastest-growing utility companies in Canada. With a 5.38% dividend yield, it's also among the biggest income producers in the sector. Like **Fortis**, Emera is geographically diversified, with assets in Canada, Florida, and the Caribbean. The company grew income at 47% year over year in its most recent quarter, so there's plenty of fuel for future dividend growth. The payout ratio of 230%

is a concern, but should the high earnings growth continue, the ratio will get lower.

Laurentian Bank (TSX:LB)

Last but not least, we have Laurentian.

Laurentian is a Quebec-based bank that focuses on retail banking and small-business banking. The stock has been getting absolutely hammered this year, down 32% year to date. The dramatic decline in the stock price has sent the dividend yield up to a whopping 6.72%.

Laurentian has incurred heavy costs recently because it was forced to buy back mortgages that it sold to a third party. As a result, earnings were down 15% in the most recent quarter. This is a major short-term setback, but it should be resolved over the long term. Additionally, Laurentian has a payout ratio of just 50%, so it can handle a few quarters of falling earnings without cutting the dividend.

Laurentian is, without a doubt, higher risk than the other stocks mentioned in this article, but for risk-tolerant dividend investors aiming for the highest possible yield, it’s a great pick.

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2. TSX:EMA (Emera Incorporated)
3. TSX:LB (Laurentian Bank of Canada)

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