TFSA Top-Up Time Tomorrow: Celebrate 2019 With These 3 Divine Dividend Darlings!

Description

Happy New Year, Fools!

With the new year comes another opportunity to top up your TFSA retirement fund. This year, you'll be able to contribute $6,000 — an increase of $500 year over year — as soon as January 1. And if you're like many Canadian contrarians, the ability to contribute another six grand to your TFSA couldn't have come at a better time.

The S&P 500 recently bounced from a bear market, and while there's probably going to be more volatility in 2019, investors should think about putting their 2019 TFSA contributions to work in some of the more battered bargains on the TSX before they have the opportunity to rebound from oversold conditions.

Look for high-quality dividend-paying stocks that have retreated through no fault of the underlying businesses themselves. In times of market panic, people begin to forget (or not care) about individual businesses and how they've been faring, as more attention is drawn to macro fears, causing investors to treat all equities the same.

That's a mistake, but fortunately for contrarians, we can capitalize on these mistakes, getting a better value for our buck as we scoop up what others are ditching for silly reasons that are temporary in nature.

Without further ado, here are three top-notch dividend darlings that you may want to consider buying with your 2019 TFSA contribution.

Telus (TSX:T)(NYSE:TU)

After posting an impressive third quarter, you'd think that Telus would be on a sustained rally to new all-time highs. While the solid quarter sparked a nice a bounce, the stock was quick to surrender its post-earnings gains as the December rounds of panic selling caused investors to forget about a quarter that would have sent the stock past $50 had the markets been rational.

For Q3, Telus posted its highest customer growth rate since 2010. Approximately 109,000 postpaid subscribers were added, with an industry-leading 0.87% in postpaid churn. Moving ahead, Telus is poised to beef up its fibre wireline business, which could support continued dividend growth through the coming 2019 slowdown.

The dividend, which yields 4.8%, is the cherry on top of the sundae.

Shaw Communications (TSX:SJR.B)(NYSE:SJR)

Telus is a fantastic telecom, but its ARPU (average revenue per user) will stand to be pressured as Shaw's wireless business Freedom Mobile continues to improve upon itself. While Freedom Mobile's wireless network is still vastly inferior to that of Telus, over the next few years, Freedom is very well positioned to close the performance gap, especially as 5G is steadily rolled out over the next four years.

While Telus has been an outstanding dividend darling, Shaw will be a longer-term thorn in the side of the company, as the two telecom giants go to war for Canadian subscribers, both in prepaid wireless and wireline.

The battle for subscribers is going to be a zero-sum game, and as Shaw pulls out all the stops, Telus will be playing defence with its subscriber base. At this juncture, I'd own Shaw as a hedge against the longer-term pressures that Telus will face as Shaw begins to pick up traction.

Like Telus, Shaw sports a 4.8% dividend yield, which is seen as a must-have for investors who want to tame the recent bout of volatility served up by the markets.

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

TD Bank won the most recent bank earnings season, but it didn't matter. The stock fell like a stone, and undeservedly so, as TD Bank is firing on all cylinders across the board.

At the time of writing, the stock trades at an absurd 9.7 times next year's expected earnings, the lowest it's been in recent memory. And although it may seem there's something wrong with the business, the opposite is true. TD Bank continues to operate at a very high level, and the recent depression in the stock, I believe, is just because investors have lost their appetite for Canadian banks amid the recent market flop.

TD Bank is a definite buy, and unless there's a severe recession, I'd be shocked to see the name remain at dirt-cheap multiples by the conclusion of 2019.

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Date
2025/09/04
Date Created
2018/12/31
Author
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