3 Rising TSX Index Stocks to Add to Your TFSA Today

Description

The stock market is enjoying a nice recovery to start 2019, and investors are wondering which companies might be interesting picks to add to their TFSA portfolios.

Let's take a look at three stocks that have bounced off the lows and still might be solid buys today.

Royal Bank (TSX:RY)(NYSE:RY)

Royal Bank is back to $100 per share after dipping down to $90 in late December. The recovery isn't a surprise, given the quality of the company's earning power and its balanced revenue stream.

Royal Bank operates strong personal and commercial banking, wealth management, capital markets, and insurance groups. Most of the revenue comes from Canada, but the company's US$5 billion takeover of personal and commercial bank City National in 2015 has added a solid base south of the border.

Royal Bank generated better than $12 billion in profits in fiscal 2018, and management anticipates ongoing earnings growth to be in the 7-10% range per year. The company raised the dividend by 8% in 2018, and investors should see steady increases continue in line with rising profits.

The stock currently trades at a reasonable 12 times trailing earnings and could drift back toward the 2018 high around $108 per share in the coming months. Investors who buy today can pick up a 3.9% yield.

Canadian National Railway (TSX:CNR)(NYSE:CNI)

CN traded for $96.50 on December 24. Investors who had the courage to buy that day gave themselves a nice holiday present. At the time of writing, CN is back to $112, and more gains should be on the way.

Commodities shipping volumes are expected to be strong in 2019, and CN is adding thousands of new rail cars to meet the rising demand. The company is also purchasing more than 250 new locomotives over the next three years and has hired more than 1,000 extra engineers for 2019.

The business is very profitable, and management does a good job of sharing the spoils with investors. The dividend yield might only be 1.6%, but the company has raised the payout by about 16% per year over the past two decades.

With its wide moat and key role in the functioning of the Canadian and U.S. economies, CN should be a solid pick to stick away in your TFSA for the next 30 years.

Telus (TSX:T)(NYSE:TU)

Telus has traded in a $44-49 range over the past year, with the most recent surge bringing it off the December low around $44.50 to the current price near $46. I wouldn't expect the stock to soar in the next few months, but investors should see a gradual grind higher over the coming years.

Telus is investing billions to upgrade its wireless and wireline network infrastructure, and that should ensure it remains competitive in the tight Canadian communications sector. The company is also building a strong presence in the digital health space and is already a leader in providing solutions to doctors, hospitals, and insurance companies in Canada.

The healthcare industry is ripe for disruption, and Telus could emerge as a dominant player in the years to come.

The company has a long history of providing investors with strong dividend increases, generally around 10% per year. The current payout provides a yield of 4.8%.

The bottom line

Royal Bank, CN, and Telus are leaders in their industries and should be solid buy-and-hold picks right now for a self-directed TFSA.

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