TSX Investors: Your TFSA Needs Stocks Like These

Description

With plenty to be worried about on the global financial agenda for 2019, a water-tight portfolio is the order of the day. Therefore, it makes sense that when looking to pad a TFSA with some stable passive income, you may be on the lookout for "forever stocks" – the kinds of investments that one might comfortably buy and forget about replete with a mix of defensive stats, low market variables, and attractive dividends with some growth ahead.

Below you'll find three fairly representative stocks of this kind, with one obvious banking pick, a suitable gold miner, and a big player in the Canadian food and drink industry. With decent valuation and a good mix of some of the other characteristics that make up a stable dividend-paying stock, these are three of the top choices to pack in a TFSA in an uncertain economic climate.

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

A defensive stock if ever there was one, this behemoth of the TSX index is up 1.15% in the last five days. Taken in combination with a solid track record, a squeaky clean balance sheet and dividend yield of 3.59% make this a top choice for a stock to hold in an RRSP, or similar retirement savings plan such as an RRIF. It's defensive, decently valued with some growth ahead.

Indeed, one might be forgiven for thinking that TD Bank drives the Canadian banking industry with a one-year past earnings growth of 8.3% that closely matches the financial sector average, and a five-year average of 10.3% that's just a few percentage points above its peers. It's certainly one of the top two banks of Bay Street, if not number one.

For the value minded, see TD Bank's P/E of 12.4 times earnings and P/B of 1.8 times book; meanwhile, growth investors may find an 8.1% expected annual growth in earnings a little low, but should also be aware that this in fact comparatively positive.

Lundin Mining (TSX:LUN)

Gold seems a strong choice for a TFSA at the moment, and the TSX index has plenty of precious metal miners to choose from. Up 1.01% in the last five days, Lundin Mining is one of the best. Though its one-year past earnings were negative to the tune of -22.5%, its five-year average past earnings growth of 20.1% will be continued over the next one to three years with a 25.5% expected annual growth in earnings.

Lassonde Industries (TSX:LAS.A)

Seemingly unaffected by 2018, a year many companies might like to put behind them, Lassonde Industries' one-year past earnings growth of 17.6% isn't far off its five-year average of 16.5%, and even excels it by a small margin. It should be noted that the Canadian food industry as a whole saw a drop of -14.2% for the last 12 months, making Lassonde Industries an outperforming stock.

Its balance sheet could be better, marred as it is by a debt level of 51% of net worth, and though its P/E of 16.1 times earnings is acceptable, its P/B of 2.2 times book is slightly bloated. Indeed, though it's a solid stock in a very defensive industry, its stats are all a little on the low side, as evidenced by a dividend yield of 1.6% and 6.6% expected annual growth in earnings.

The bottom line

TD Bank is still one of the best TSX index stocks for a TFSA; an expected annual growth in earnings below 10% is par for the course for a Canadian banker, operating in a saturated market. Lassonde Industries likewise operates in a saturated market, and as such, its growth expectation looks good in context.

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TICKERS GLOBAL

1. NYSE:TD (The Toronto-Dominion Bank)
2. TSX:LAS.A (Lassonde Industries Inc.)
3. TSX:LUN (Lundin Mining Corporation)
4. TSX:TD (The Toronto-Dominion Bank)

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