



3 Stocks for a Perfect Starter TFSA

Description

The annual limit for a Tax-Free Savings Account (TFSA) reached its highest point under the Harper government at \$10,000. The Trudeau-led Liberal government elected to drop his number to a \$5,500 annual contribution limit, which stretched from 2016 to 2018. This year, the Liberals rose that number for the first time to \$6,000. The cumulative total for contributions is \$63,500.

According to numbers from a 2017 **Bank of Montreal** study, over three million Canadians have opened a TFSA since the accounts were introduced in 2009. Although recent data on contributions is hard to come by, the number of Canadians who have maxed out their contribution room is likely in the 2-5% range.

Today, I want to go over three stocks that are perfect for investors just starting a [self-directed TFSA](#), or for those looking to reorient their strategy in 2019.

Kinaxis ([TSX:KXS](#))

Kinaxis is an Ottawa-based company that provides software solutions for sales and operations planning and supply chain management. Shares of Kinaxis had climbed 23.3% in 2019 as of close on February 20. The stock was still down 2.3% year over year.

Back in mid-January, I'd [targeted Kinaxis](#) as an option for millennial investors. Kinaxis has been a top-flight technology stock since its IPO in 2014. The TSX is light on tech sector equities in comparison to major U.S. indexes, but Kinaxis has shown major promise. Shares may be a little pricey ahead of its Q4 earnings, but in the long term Kinaxis is a fantastic growth option.

Fortis ([TSX:FTS](#))([NYSE:FTS](#))

For investors seeking steady income, Fortis is a fantastic option. The stock was up 1.8% in 2019 as of close on February 20, but shares were up 11% year over year. Fortis released its fourth-quarter and full-year results on February 15.

The company achieved record net earnings for the full year of \$2.59 per share. It increased its five-year expenditure plan by 20% from the prior year with plans to expand its rate base into the next decade. Fortis reaffirmed its 6% annual dividend-growth target into 2023.

Fortis last paid out a quarterly dividend of \$0.45 per share, which represents a 3.7% yield. The company has achieved dividend growth for 45 consecutive years.

Royal Bank ([TSX:RY](#))([NYSE:RY](#))

Royal Bank stock was up 10% in 2019 as of close on February 20. The stock climbed 2% year over year.

Canadian banks are typically thought of as boring recommendations, but these profit machines really are great targets for beginners. Over the last decade, Royal Bank has offered an enticing mix of income and capital growth. The stock last paid out a quarterly dividend of \$0.98 per share, which represents a 3.7% yield. Royal Bank has achieved dividend growth for eight consecutive years.

As far as growth is concerned, the stock has offered steady returns over the past 10 years. Shares have climbed over 40% in a five-year span. Royal Bank is the largest financial institution in Canada. Investors just starting out their TFSA can cover their financial exposure with this stock to start off.

CATEGORY

1. Investing

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2. NYSE:RY (Royal Bank of Canada)
3. TSX:FTS (Fortis Inc.)
4. TSX:KXS (Kinaxis Inc.)
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