3 TFSA Strategies to Weigh for the Next Decade

Description

Central banks in developed economies have pursued rate tightening over the past two years, while also committing to shrinking balance sheets after nearly a decade of stimulus. The policies that were enacted in the wake of the financial crisis, which sparked soaring valuations. It has also changed the way people invest.

Investors will be treated to a different shift as we look ahead to the next decade. Central banks do not have the ammunition they did at the beginning of the financial crisis. That means that options will be limited when it comes to combatting volatility.

Today, we are going to look at three strategies to adopt as investors look to thrive in the 2020s.

Income strategy

It is important to note that this strategy will involve investing solely in equities. That means our income investing will focus on dividend-yielding stocks. Bond yields have suffered in the current rate environment, making equities the best pick, even for very conservative investors.

AltaGas (TSX:ALA) is a Calgary-based company that operates a diversified basket of energy infrastructure businesses. Shares of AltaGas have surged 28.2% in 2019 as of close on March 19. AltaGas stock soared after it cut its monthly dividend to $0.08 per share. However, this still represents a highly attractive 6% yield. AltaGas boasts a wide moat and a steady stream of monthly income. This is a perfect target for those looking to adopt an income-focused strategy in their TFSA.

Growth strategy

Those who have adopted a more aggressive strategy in their TFSAs have been rewarded with incredible gains since the beginning of the decade. However, TFSA contribution room was modest to start off. That room has expanded to $63,500, meaning that those who can maximize contribution room and are starting off fresh have a much larger pool to build wealth from.

Canada Goose (TSX:GOOS)(NYSE:GOOS) is a Toronto-based winter clothing designer, manufacturer, distributor, and retailer. Shares have climbed 16.3% in 2019 so far, which represents a moderate gain with the standards Canada Goose has set since its IPO. The company has experienced impressive growth in its wholesale and direct-to-consumer channels. Its expansion into China has been threatened by increasing tensions between that country and Canada, but early sales at its Beijing store have shown that this may not have much of an impact going forward.

Balanced strategy

A balanced strategy calls for a mix of growth and income-yielding equities. It allows for investors to dip into stocks that offer big capital growth while also taking advantage of dividends. Recently, I'd discussed why Canadian bank stocks are an ideal target for those looking to adopt this strategy.

TD Bank (TSX:TD)(NYSE:TD) is the bank stock we will focus on today. It is the second-largest financial institution in Canada, and its footprint has grown substantially south of the border. Shares have climbed 11.7% in 2019 so far. However, the stock is only up marginally year over year.

TD Bank has benefitted from steady volume growth in its Canadian and U.S. retail segments. Growth is expected to slow in both countries heading into the next decade, but TD will continue to be a profit machine. The stock last paid out a quarterly dividend of $0.67 per share, which represents a 3.5% yield.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:GOOS (Canada Goose)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:ALA (AltaGas Ltd.)
4. TSX:GOOS (Canada Goose)
5. TSX:TD (The Toronto-Dominion Bank)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing

Tags

1. Editor's Choice

Date
2025/07/01
Date Created
2019/03/20
Author
aocallaghan