Tax-Free Income for Life: 3 “Forever Assets” to Lock Inside Your TFSA

Description

Hello again, Fools. I’m back to highlight three large cap stocks worth checking out — or, as I like to call them, foundational “forever assets.” As a quick reminder, I do this because solid large cap stocks help stabilize your portfolio during times of market turbulence; pay healthy dividends year in and year out; and build wealth steadily over the long run.

Giant companies — those with a market cap of more than $10 billion — won’t make you rich overnight. But well-established “forever assets” are perfect for growing your portfolio safely — particularly in a TFSA account where the capital gains and dividends are tax free.

Let’s get to it.

Right on track

Leading off our list is railroad behemoth **Canadian National Railway** (TSX:CNR)(NYSE:CNI), which boasts a market cap of roughly $88 billion.

CN’s wide 19,600-mile network, spanning Canada and Mid-America, keeps on delivering the goods. In the most recent quarter, revenue increased 16%, operating margin improved 0.8 points and free cash flow spiked 38.5% to $633 million.

On the strength of those results, management increased its dividend a whopping 18%.

“With approximately C$1.3 billion of revenue growth in the final three quarters of the year, CN regained its position of strength and demonstrated again its ability to grow at low incremental cost,” said President and CEO JJ Ruest. “2019 will be a year of building on this momentum.”

CN shares are up 19% so far in 2019, and currently sport a dividend yield of 1.6%.

Portfolio insurance

With a market cap of $45 billion, insurance giant **Manulife Financial** (TSX:MFC)(NYSE:MFC) is our next large cap forever asset.

Manulife's massive scale — $1.1 trillion in assets under management and 26 million customers worldwide — continues to greatly benefit shareholders. In the most recent quarter, core earnings grew 23%, expense efficiency ratio improved 50 basis points, and return on equity increased 40 basis points.

Management also declared a $0.25 per share quarterly dividend.

"We continued to execute against our five priorities and ambition to become the most digital and customer-centric global company in our industry and launched a number of initiatives to streamline our businesses and enhance the customer experience," said President and CEO Roy Gori.

Manulife shares are up 20% so far in 2019, and boast a rather juicy dividend yield of 4.1%.

Wasted opportunity

Rounding out our list this week is **Waste Connections** (TSX:WCN)(NYSE:WCN), which sports a market cap of about $30 billion.

Waste Connections' regulatory permits and cost advantages make the stock an ideal buy-and-hold-forever pick. In 2018, for example, revenue increased 6.3%, adjusted income grew 17%, and adjusted free cash flow jumped 18% to $879.9 million.

For 2019, management expects continued adjusted free cash flow growth in the double-digits, as well as further operating margin improvement.

"2018 finished on a high note, as financial results for the fourth quarter exceeded expectations," said Chairman and CEO Ronald Mittelstaedt. "Our strong financial profile continues to afford the flexibility to fund outsized acquisition activity, an increasing cash dividend and opportunistic share repurchases."

The stock is up 15% so far in 2019 and offers a dividend yield of 0.7%.

The bottom line

There you have it, Fools: three forever assets worth considering for your TFSA account.

As always, they aren't formal recommendations. View them instead as a starting point for further research. Even the largest companies can hit bumps in the road, so plenty of your own due diligence is still required.

Fool on.

CATEGORY

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TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:MFC (Manulife Financial Corporation)
3. NYSE:WCN (Waste Connections)
4. TSX:CNR (Canadian National Railway Company)
5. TSX:MFC (Manulife Financial Corporation)
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Date
2025/07/06
Date Created
2019/04/03
Author
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