



TFSA Investors: 3 Quality Dividend Stocks for a \$63,500 Portfolio

Description

Did you know that you can deposit up to \$63,500 into your TFSA this year?

Although the 2019 TFSA contribution limit is set at a fairly low \$6,000, TFSA contribution room is cumulative. That means that if you were over 18 in 2009 — the year the TFSA program started — you can deposit \$63,500 (assuming you haven't made any contributions yet).

Most investors don't have \$60,000 sitting around to deposit in one lump sum. However, the TFSA cumulative contribution feature means that if you open one today, you can contribute much more than the annual contribution for several years. For example, you could deposit up to \$21,000 a year for three years — not even considering the extra contribution room that you'll gain.

Naturally, this assumes that you haven't already opened a TFSA and started contributing. But if you've already done so and have been making contributions without withdrawing them, the effect is the same. So, without further ado, here are three quality stocks for a \$63,500 TFSA portfolio.

Canadian National Railway

Canadian National Railway ([TSX:CNR](#))([NYSE:CNI](#)) is Canada's largest railway company, a shipping behemoth that sends freight from Prince Rupert all the way to New Orleans. CN's [huge 20,000 km network](#) gives it the advantage of being able to ship coast to coast over long distances. This means it has an edge in winning long-distance delivery contracts.

CN also benefits from the many delays and headaches facing the pipeline industry, which result in huge growth in crude by rail. In its most recent quarter, CN's revenue increased by 11%, while adjusted diluted EPS increased by 17%. The stock pays a dividend that yields around 1.8%.

Toronto-Dominion Bank

Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#)) is Canada's fastest-growing bank. Powered by a huge

and growing [U.S. retail business](#), it routinely hits 8-10% earnings growth when most of its Big Six peers are stuck in the low single digits. In its most recent quarter, TD's U.S. retail grew by 29%, while the company's U.S. brokerage grew its earnings by 93%. TD stock yields 3.9%, which is on the low end for a Canadian bank; however, TD has a much higher dividend-growth rate (11% annualized) than its peers in the Big Six.

Alimentation Couche-Tard

Alimentation Couche-Tard (TSX:ATD.B) is a fast-growing convenience store company whose best-known brand is Circle K.

Circle K is rapidly taking over the gas station convenience store market in Canada and even making huge strides in the States. Since 2017, Alimentation has purchased over 7,000 convenience stores and turned them into Circle K locations. Such rapid store growth naturally powers major revenue growth as well, so it's no surprise that ATD.B stock grew earnings at 29% year over year in its most recent quarter.

The stock also has a high return on equity of about 22%, which means you're getting a lot of value for your dollar when you buy this stock. At 0.5%, its dividend yield is not the highest, but you do get a slice of income in addition to your gains.

CATEGORY

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TICKERS GLOBAL

- 1. NYSE:CNI (Canadian National Railway Company)
- 2. NYSE:TD (The Toronto-Dominion Bank)
- 3. TSX:CNR (Canadian National Railway Company)
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