TFSA Investors: 3 Dividend Heavyweights to Own Through the 2020s

Description

This week, I'd discussed how investors should assemble a Tax-Free Savings Account (TFSA) with the goal in mind of bringing it to a million-dollar value at the end of this decade. Even with a higher cumulative contribution room to star the 2020s, this is a lofty goal that requires an investor to be aggressive, patient, and a little bit lucky.

Instead of pursuing a risky growth-oriented strategy, today I want to look at three top dividend stocks that can reliably provide capital growth and steady income for TFSA investors over the next decade. This is an especially good strategy for beginners and retirees, both of whom will want to avoid taking massive risks at this stage.

Manulife Financial

Manulife Financial (TSX:MFC)(NYSE:MFC) is one of the top insurance providers and financial services companies operating in Canada today. Its stock has already climbed 3.3% in 2019 as of close on January 22. Shares have increased 34% year over year.

The company recently announced that it will unveil its fourth-quarter and full-year results for 2019 before markets open on February 13. In the third quarter, Manulife benefited from double-digit core earnings growth and higher sales in Asia. Major North American insurers like Manulife and **Sun Life** have been growth slow on the domestic front. The growth of the middle class in Asia has made it a region ripe for expansion.

Shares of Manulife last paid out a quarterly dividend of $0.25 per share. This represents a 3.6% yield. The stock still boasts solid value with a price-to-earnings ratio of 11 and a favourable price-to-book value of 1.1.

Canadian Imperial Bank of Commerce

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM) has long been one of my favourite bank stocks for its favourable value relative to its peers and its top dividend yield. Its stock has dropped 1.1% over the past three months as of close on January 22. The bank had a poor finish to 2019 after releasing a less-than-stellar fourth-quarter 2019 earnings report in December.

CIBC suffered an earnings pullback in each of its major segments, other than U.S. Commercial Banking and Wealth Management. For a good part of the 2010s, CIBC boasted the strongest mortgage lending portfolio of its peers. This came to an end due to the 2017 Canada housing correction. Fortunately, the bank is making big investments in this segment in a bid to bring back its mortgage book in fiscal 2020.

As it stands today, CIBC boasts an immaculate balance sheet. The stock possesses the lowest price-to-earnings ratio of its peers at 9.7, with an attractive price-to-book value of 1.3. CIBC last hiked its quarterly dividend to $1.44 per share, which represents a tasty 5.3% yield.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is a Canadian energy powerhouse that passed through some volatile years in the 2010s but came out with a positive decade for its shareholders. The company scored major regulatory wins in the back half of the last decade, and earnings growth got back on track in 2018 and 2019. Shares of Enbridge have climbed 18.9% year over year as of close on January 22.

Investors can expect to see Enbridge's fourth-quarter and full-year results for 2019 by the middle of February. Enbridge achieved record third-quarter EBITDA and distributable cash flow (DCF) in its most recent report. For the year-to-date period, DCF has climbed to $7.1 billion compared to $5.7 billion in the first three quarters of fiscal 2018.

Energy continues to be a volatile sector, but Enbridge is one of the few sure bets in this industry. The stock last paid out a quarterly dividend of $0.738 per share, representing an attractive 6% yield.

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Date
2025/08/20
Date Created
2020/01/25
Author
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