
# TFSA Picks: 3 Defensive Dividend Stocks for New Investors

### Description

It’s an unsettling time for investors, be they old hands or newcomers to the TSX. However, while investment veterans are grappling with the new normal, new TFSA investors are eyeing the stock market for the first time. Tax-free investing has never been more applicable to long-term wealth-creation strategies given the markets.



## The Big Five moderate growth stock

**Scotiabank** (TSX:BNS)(NYSE:BNS) packs international diversification and growth in a top Canadian financials pick. This is a reliable passive-income play and, as such, makes a solid addition to a new TFSA equities portfolio. This name is well known for its access to Latin American commercial banking growth. This kind of slow and steady growth potential makes Scotiabank more than suitable for a TFSA.

Some earnings growth is on the way, too, with 11% estimated to added annually. Optimistic price targets could also align favourably with a rich dividend yield of 5.3%. In combination, these facets could bring 53% total shareholder returns by 2025. Value investors are also in luck, with a P/B ratio 1.3 times book denoting a reasonably fair share price given the quality on offer.

**Algonquin Power & Utilities** (TSX:AQN)(NYSE:AQN) is something of a hybrid when it comes to investment theses. On the one hand, this is a green power play poised to capitalize on the renewables revolution. On the other, it’s a sleep-easy utilities pick that belongs in the same category as the likes of **Enbridge**.

Selling at twice book, AQN could be cheaper. However, a combination of upside potential plus a nearly 4% forward dividend yield make this a stock worth buying at nearly any price. A payout ratio of 72% leaves some room for growth, supporting a multi-year TFSA wealth-creation thesis. AQN is a classic play on one of the most significant global megatrends of this era. Pack AQN shares if you want to include some green growth in your TFSA.

## The asset management TFSA stock

From one "power" stock to another, **Power Corporation of Canada** (TSX:POW) is a well-diversified operation both geographically and industrially. Power Corporation has fingers in a lot of pies, from financial services to green and renewable energy assets. It's also popular with asset management investors. From North America to Europe and Asia, Power Corporation offers access to a broad range of international markets.

Power Corporation has some appealing stats on display. Selling a discount of 24.7% below its estimated future fair value, Power Corporation also has some growth ahead. With an uptick in earnings of around 8% annually, there should be some continuation of the outfit's 34% past 12-month growth. In addition, Power Corporation also pays a rich and reliable dividend yield of 6%.

By stashing shares in Scotiabank, AQN, and Power Corporation, TFSA investors can add ready diversification to their personal investment portfolios. These three names are solid picks for a mix of value, growth, passive income, and even capital gains. As such they make viable choices for the general Tax-Free Savings Account investor, whether a TSX veteran or a newcomer to personal wealth management.



**CATEGORY**

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing
5. Stocks for Beginners

**TICKERS GLOBAL**

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:BNS (The Bank of Nova Scotia)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:BNS (Bank Of Nova Scotia)
5. TSX:POW (Power Corporation of Canada)

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