



2 Cash Cows to Stash in Your TFSA Today

Description

Cash cows are great plays to stash in your TFSA (Tax-Free Savings Account) for the long haul. Many such stocks offer generous dividends that are poised to grow at an above-average rate.

At the same time, such names could also offer a lot in the way of [capital appreciation](#). Capital gains and big, growing dividends pave the way for big total returns. And in this piece, we'll have a look at two that I think are worth picking up here after stumbling in recent weeks.

TD Bank: A top pick in the banking scene

TD Bank ([TSX:TD](#))([NYSE:TD](#)) has become hard to ignore. The once premium Canadian bank with substantial U.S. exposure is now trailing its peers in the Big Six. In prior pieces, I'd [outlined](#) a few catalysts that should entice contrarian investors to load up on the stock while the valuation was on the lower end of the basket and its historical trading range.

What were the catalysts? They were higher rates, greater loan growth, a potential U.S. retail banking acquisition, and an opportunity to capitalize on the U.S. consumer, which has been taking on more debt.

Today, shares of the top cash cow are trading at just 11.1 times trailing earnings. That's way too low, given the magnitude of growth that could be on the horizon. The bank yields 3.7%, which is quite modest. As regulators give the green light for dividend hikes, though, expect TD to reward its investors in a big way once again. I think TD could outpace its peers as far as dividend growth over the next decade is concerned.

Moreover, TD Bank has a reputation for being a pretty conservative bank that achieves solid risk/reward tradeoff for its investors. In this kind of market, where investors are inclined to take more risk, it may be tougher to respect TD's extra prudence. Still, if you're like me and think we're already in the middle innings of this economic expansion, now may prove to be a wise move to punch your ticket into the name now.

In any case, credit is looking a heck of a lot better these days. With rates poised to rise over the next few years, TD could go from laggard to leader of the Canadian banks.

Great-West Lifeco: A value/momentum stock for your TFSA

Sticking with the theme of Canadian financials, we have insurer **Great-West Lifeco** ([TSX:GWO](#)), which commands a juicy 4.44% yield today. After surging over 46% in the past year, GWO stock is really making up for lost time; it's now above at a new all-time high not seen since before the Great Financial Crisis.

Despite the momentum, the well-run, geographically diversified insurer still seems like a deep-value stock with its mere 11.3 times trailing earnings multiple. As the economy continues its recovery, Great-West is likely to continue spreading its wings across the North American group retirement scene, with MassMutual's retirement services business now in the bag. So, if you like the juicy dividend and the much-improved macro backdrop for the financials, look no further than the cash cow for your TFSA, as it's both a momentum and value stock rolled into one.

CATEGORY

1. Investing

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3. TSX:TD (The Toronto-Dominion Bank)

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