3 TSX Stocks That Could Help Set You Up for Life

Description

Populating your investment portfolio with solid dividend stocks early on could help set you up for life. The earlier you start saving and investing for solid returns, the more money you can accumulate. For example, $10,000 invested every year for 10% per year over 30 years could transform into $1,644,940! Here are a few **TSX** stocks that could deliver annualized returns of at least 10% from current levels.

RBC stock

High inflation isn't good for the economy. Central banks raising benchmark interest rates are trying to curb the inflation, but it will take time to take effect. In the meantime, economic growth will be pressured, because consumers and businesses alike are forced to reduce their spending, because everything has become more expensive, including the cost of borrowing.

Canadian bank stocks have been weighed down by this sort of environment. As a banking leader with a diversified business, **Royal Bank of Canada** (TSX:RY)(NYSE:RY) stock has held up relatively well versus the banking sector. The stable bank has survived and thrived through economic turmoil before. This time won't be any different.

At $125.64 per share, the stock is only down 6% year to date versus the banking sector's 11%. The bank stock trades at about 11.3 times earnings, which is a reasonable valuation for the blue-chip stock.

RBC stock offers a yield of 4.1%. It only needs an earnings-per-share (EPS) growth rate of about 6% to deliver total returns of approximately 10% per year. But its track record is better than that. Its 10-year EPS growth rate is 9.5%, although it has a medium-term target of at least 7%.

A dividend stock yielding over 5%

Algonquin Power & Utilities (TSX:AQN)(NYSE:AQN) has delivered above-average growth in the utility sector. Consequently, it has increased its dividend at an impressive compound annual growthrate of 9.5% per year in the past decade.

Right now, analysts think the dividend stock trades at a discount of about 18%. Pundit Ryan Bushell even picked Algonquin as one of his top picks on *BNN* this week:

> “Algonquin has an ideal mix of power generation and opportunity in renewable energy. It’s currently buying Kentucky Power. Its shares have been range-bound $17-20 for a long time after a lot of growth, but we think it is consolidating and waiting for its next leg up. Meanwhile, you’re paid around a 5% dividend which should grow.”

Indeed, the dividend stock offers a juicy yield of almost 5.3%, which is attractive. A high dividend yield combined with steady growth could set you up for stable returns for life!

Another income stock for stable returns

Sun Life (TSX:SLF)(NYSE:SLF) is another income stock for stable returns. In the last 10 years, it has delivered annualized returns of over 12%. The life and health insurance company is decently attractive at current levels. Specifically, at $58.09 per share at writing, it trades at only about 9.7 times earnings. Just like the banks, it’s a financial services stock that provides stable earnings growth in the long run.

Its earnings growth drove dividend-per-share growth of 7.4% annually over the past five years. It currently offers a competitive yield of almost 4.8%. SLF stock can also potentially deliver total returns of 10% per year in the long run.

CATEGORY

1. Dividend Stocks
2. Investing

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1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:RY (Royal Bank of Canada)
3. NYSE:SLF (Sun Life Financial Inc.)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:RY (Royal Bank of Canada)
6. TSX:SLF (Sun Life Financial Inc.)

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