2 Dividend Heavyweights to Help Your TFSA Soar in 2023

Description

Dividend heavyweights can help your TFSA (Tax-Free Savings Account) hold steady through another year of choppy waters. Indeed, many investors are on edge, as this bear market continues to work its course. Many pundits are timing its end, but at the end of the day, investors need not care about timing. Bear markets never last forever. And though this bear market could drag on for an extended period of time, new investors should focus on nibbling away gradually over time en route to creating wealth over the long haul.

Making money in a week-to-week basis is tough. Unless you're a market-trading wizard, odds are that you'll end up with a quick (and permanent) loss by doing so. Instead, focus on getting solid results for the next several years. That way, the odds will be on your side. And you can stay calm when the inevitable 10-20% dips bring forth buying opportunities to investors willing to stay brave, as others around them run around in a panic. (Could another such drop be on the horizon? Certain market strategists seem to think so.)

My favourite buys amid tough times tend to be the dividend heavyweights. By punching your ticket to them while they're down, you'll not only get a chance for solid returns in a rebound, but you'll score a swollen dividend yield. As times get better, such a dividend is likely to continue growing through the years.

Indeed, it's not easy to be a buyer in a brutal bear market. However, the rewards are great, and you could be setting yourself up for a very prosperous retirement. As share prices fall, dividend yields rise. Undoubtedly, dividend cuts can happen, but if you stick with quality dividend stocks like **TD Bank** (TSX:TD) and **Canadian Natural Resources** (TSX:CNQ), odds are that the yield you see is what you'll get to keep, even as conditions weaken further.

I consider TD and CNQ stock to be wonderful buys in times like these. Sure, you can get more pop from a battered tech stock once the tables turn. However, with TD and CNQ, you'll be able to lock in a juicier payout *and* capital gains potential in event of a recovery. In the face of the unknown, I'd rather have the latter.

TD Bank

TD Bank (TSX:TD) is a banking stud that I view as one of the "growthiest" of the Big Six basket. Indeed, any Canadian bank is a fine buy right here. But TD seems to be the most attractive, given its latest push into the U.S. banking scene. Indeed, the U.S. region is a great growth outlet for the Canadian banks, as they look to keep their dividend-growth prospects alive and well going into a downturn.

With NIM (net interest margin) expansion alleviating some pressure in the latest quarter, TD seems to be in an interesting spot if a 2023 recession can be avoided. With solid risk managers and new acquisitions in the bag, I think TD is well on its way to new highs from here.

For now, the stock's trying to come back from a 27% peak-to-trough dip. At 9.64 times trailing price to earnings (P/E) and with a 4.16% dividend yield, I view TD stock as one of my TFSA top picks for 2023.

Canadian Natural Resources

Canadian Natural Resources (TSX:CNQ) is the king of the Albertan oil patch. For Canadians without energy exposure, the stock seems like a must-buy while momentum cools. The stock trades at a low 7.57 times trailing P/E and with a 4.21% dividend yield.

Indeed, the oil patch may not be a sexy investment. However, I view energy as a place to score less-correlated (and less-choppy) returns. Last month's 13% dividend hike is the cherry on top for a top-performing stock that seems tough to stop.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CNQ (Canadian Natural Resources Limited)
2. TSX:TD (The Toronto-Dominion Bank)

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