



TFSA Investors: These Are 3 of the Best Dividend Stocks to Buy in 2020

Description

When looking for a dividend stock to put in your Tax-Free Savings Account (TFSA), there are numerous factors you should consider. Not only do you want a decent yield, but you should also look for companies that regularly increase their dividend payments and that aren't very volatile.

While that might mean you may miss out on opportunities to benefit from capital appreciation, it'll also lessen the impact a downturn or market crash will have on your investments. And when it comes to dividend stocks, generally they're stocks that you want to buy and forget about. Here are three of the best dividend stocks you can find on the TSX today that could make great investments in 2020 and beyond.

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is always a solid pick when it comes to dividends. Currently yielding around 5.9%, it's one of the rare exceptions where investors can snag a high payout without taking on too much risk. Enbridge increased its payouts by 9.8% to its dividend payments back in December. A big reason the company can do that is because of how strong its financials are.

Enbridge generated \$5.7 billion in profits over the past four quarters and \$3.7 billion in free cash flow to go along with it. Even though oil prices aren't getting any stronger, the company's been able to continually post strong results.

And with Enbridge getting good news out of Minnesota recently that it can proceed on its Line 3 replacement project, investors are showing a lot more bullishness in the stock of late. Previously, the stock had struggled to stay above \$50 per share, but for the past few months, that hasn't been the case, as shares of Enbridge are up around 10% in three months.

Over the long term, the stock is a great buy and with a beta value of around one, it's not likely to take you on any wild swings along the way.

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) is another no-brainer when it comes to dividends. The stock offers a much milder payout with its dividend yield of 3.2% coming in well below what investors can earn with Enbridge.

However, the utility stock is also a bit of a safer buy as well. With a beta of less than 0.2, Fortis stock is largely unaffected by the market's movements, and it can be a good opportunity for risk-averse investors to put their money into.

Like Enbridge, Fortis also increases its payouts, and in September it announced that its dividend payments would be [rising by 6.1% and that it would be increasing its capital investment plan](#). Acquisitions and investments are some of the ways that Fortis has grown over the years, and news that it will be investing more is always a good sign, as that, in turn, could lead to stronger profits and even more dividend increases down the road.

Canadian Tire ([TSX:CTC.A](#)) is becoming a formidable dividend stock very quickly. The company has been sharply raising its payouts over the years, and in November it hiked payments again by 9.6%.

Investors can now earn \$4.55 in dividends every year for each share of Candian Tire stock that they own. That translates into a dividend yield of approximately 3%. And while that's lower than Fortis, if Canadian Tire continues hiking its payouts by close to double digits, it could soon become an even better buy, especially as investors shed retail stocks, because if its price goes down, that would send its dividend yield up.

Canadian Tire stock has averaged a beta of just 0.73, and while the world of retail may be in trouble, it's a brand that, through its strong customer loyalty, appears to be insulated from the headwinds in the industry. It even announced it was acquiring [Party City](#) last year, as it looks to get even bigger.

Over the long term, Canadian Tire is not only one of the safest retail stocks to invest in, but it can be a great source of dividend income as well.

CATEGORY

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Author

djagielski

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