



TFSA Investors: These 3 Top Stocks Have Become Absurdly Cheap

Description

With North American markets trading more than 20% lower than their peak in February, it has become an ideal time for the long-term investors, such as those who use their Tax-Free Savings Accounts (TFSAs), to buy stocks at much lower prices.

One potential risk in this environment is that retail investors start making risky bets that could cost them dearly. I personally don't advise buying stocks whose fates are closely tied with the economic growth, as we yet don't when the market will reach a bottom following the coronavirus outbreak.

Advances in technology, including high-speed computing, is fuelling speculative trading, and, in the worst case, the fallout could be mass individual defaults that hurt the financial sector.

If you're not inclined to take too much risk and play safe in your TFSA portfolio, then there are still many ways to boost your returns. One proven way to do that is to buy stocks of top-quality dividend-paying companies.

Today, I've put together a list of three dividend stocks from Canada that are still attractive and well suited for low-risk investors.

Enbridge

Canada's largest pipeline **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) is a top candidate for any TFSA portfolio. It's a good [defensive stock](#) to hold on to when there is too much uncertainty about the future market directions.

The company pays a \$0.81-a-share quarterly dividend with an annual dividend yield of more than 8%. The payout is forecast to rise 10% per year, as Enbridge undertakes its heavy development plan and benefits from its strong presence in North America.

During the past two years, Enbridge has also accelerated its restructuring plan: it's selling assets, focusing on its core strengths, and paying down its debt. These measures are likely to benefit long-term investors whose aim is to earn steadily growing cash.

The current downturn in oil markets is certainly putting a pressure on its stock price, but I believe the company will be able to weather this storm due to its diversified assets and strong stream from its utility operations.

BCE

By investing in Canada's largest telecom operator, BCE, you can earn a steadily growing payout and keep your capital relatively safe. [BCE has long maintained](#) a policy of increasing its dividend by 5% annually and has used a series of acquisitions to partly fuel the cash flow growth necessary to keep boosting the payout.

As per the company's dividend policy, the company distributes between 65% and 75% of its free cash flow in payouts. Currently, BCE stock is yielding 6.2% with quarterly dividend of \$0.8325. BCE's attractive dividend policy makes its stock an attractive option for TFSA investors to consider, despite the stock's recent decline triggered by the coronavirus pandemic.

CN Rail

Canada's largest railroad company, **Canadian National Railway** ([TSX:CNR](#))([NYSE:CNI](#)) is another top Canadian stock that has become quite cheap after the recent sell-off.

After trading near a record high earlier this year, CN Rail stock has fallen more than 11% this year, as growth worries keep investors away from the transportation sector.

What makes this stock quite attractive amid ongoing market volatility is that CN enjoys a unique competitive advantage in the North American economy.

CNR runs a 19,600-mile rail network that spans Canada and mid-America, connecting the Atlantic, the Pacific, and the Gulf of Mexico. This wide economic moat makes CNR a stock that has the power to defend its business, while continuing to pursue growth.

Over the long run, however, its robust cash flows, dominant market position, and solid history of paying dividends are some of the qualities that make it a solid dividend stock to have in your TFSA.

Bottom line

Buying top dividend stocks that have diversified revenue bases and pay regular dividends is one proven way to reduce your risks while making investment decisions for your TFSA. These stocks' growing dividends will make your portfolio cash rich — cash you can use to buy more shares.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:CNR (Canadian National Railway Company)
4. TSX:ENB (Enbridge Inc.)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks
2. Energy Stocks
3. Investing

Date

2025/08/28

Date Created

2020/03/30

Author

hanwar

default watermark

default watermark