



## TFSA Users: Invest Your \$6,000 in These 2 Stocks That Plummeted

### Description

Panic and anxiety are rising as people try to make sense of [the disruption COVID-19 is causing](#). Investors are worried about health and money. In the **Toronto Stock Exchange** (TSX), stock prices are getting cheaper by the dozen. There's a rummage sale no less.

The share prices of some good names like **National Bank** ([TSX:NA](#)) and **Capital Power** ([TSX:CPX](#)) have fallen sharply. Investors are investing not only due to cheap prices, but also because both companies can [withstand an economic downturn](#).

Furthermore, there is a sizeable increase in dividends. The bank stock yields 5.56% while the utility stock is paying a 7.51% dividend. You can consider adding the stocks in your Tax-Free Savings Account (TFSA). A \$6,000 investment can produce safety income for future emergency use.

### Disciplined bank

In late February, National Bank reported impressive numbers for Q1 2020. The adjusted net earnings grew by 12% to \$620 million versus the same quarter the previous year. Management cited three key factors that helped the bank deliver a robust 18.3% return on equity (ROE).

The reasons were disciplined cost management, strong credit quality, and continued growth in all business segments. Before the coronavirus happened, the primary goal was to maintain strong capital levels. Capital deployment and investments will continue to fuel organic growth in the bank's core markets.

With the virus outbreak, the good business momentum was halted. National Bank shifted to focus on monitoring the situation in Canada as well as in Cambodia. ABA Bank is a subsidiary operating in the Southeast Asia region.

Also, National Bank has joined the ranks of the bigger industry peers to provide flexible solutions to clients having financial difficulties during the lockdown period.

## Growth-oriented IPP

Utility stocks are safe bets in times of recession. Capital Power is not immune to the market selloff, and the year-to-date loss is 25.62%. But the business of this \$2.7 billion independent power producer (IPP) should endure even if the pandemic extends for months.

This IPP reported a solid performance for 2019. Capital Power was able to generate \$555 million in adjusted funds from operations (AFFO) which exceeded financial targets for the year. Revenues and other income during Q4 2019 grew by a stunning 101% compared with the same quarter in 2018.

In order to increase power generating capacity and double annual growth targets, Capital Power acquired Ontario's Goreway Power Station and constructed the 202-megawatt Whitla 1 project in Alberta. Also, the company is now in full control of the Genesee Generating Station. The station will have the dual-fuel capacity by 2021.

Capital Power is one of the growth-oriented power producers in North America. With more power-generating facilities due to operate, the company will soon be among the premier IPPs in Canada and the U.S.

## Financial cushion

According to market historians, most financial crises are short term in nature; in the long-term, markets will overcome the obstacles.

You can buy National Bank or Capital Power at low prices and sell high when the market rebounds — or you can hold on to the stocks, keep them in your TFSA and create a financial cushion during this time of uncertainty.

### CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

### TICKERS GLOBAL

1. TSX:CPX (Capital Power Corporation)
2. TSX:NA (National Bank of Canada)

### PARTNER-FEEDS

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

**Category**

1. Bank Stocks
2. Dividend Stocks
3. Investing

**Date**

2025/08/22

**Date Created**

2020/03/30

**Author**

cliew

default watermark

default watermark