TFSA Investors: 3 Top TSX Stocks to Buy for April 2020 and Beyond

Description

Editor's note: This article has been edited to correct a calculation error. It was initially stated that annual dividends from these three stocks would amount to $5,170, but they would actually amount to $1,730.

The current market crash has driven equity markets to multi-year lows. The **iShares S&P/TSX 60** is trading at $20.15, which is 25% below record highs. As it's impossible to time the markets, investors need to buy stocks at every major dip, especially with bond market yields nearing record lows.

Here we look at three Canadian stocks trading on the **TSX** that can create massive wealth for TFSA investors in the long-term.

A domestic energy giant

Shares of **Enbridge** (TSX:ENB)(NYSE:ENB) are trading 30% below its 52-week high — a decline that's increased the stock's forward yield to a tasty 8.1%. The ongoing bear market coupled with low crude oil prices has sent stocks of Enbridge and peers spiraling downward.

The current oil prices are unsustainable for most producers, which means that there will be a significant increase once the market recovers, making Enbridge stock an attractive buy currently.

Enbridge is a major energy player in North America. It transports 25% of the crude oil produced in this continent as well as 20% of the natural gas consumed here. It owns and operates North America's largest fossil fuel pipeline and is an integral part of the industry's supply chain.

Enbridge earns close to 98% of revenue from fixed-service contracts, isolating the company from falling prices. Its huge market presence, low valuation, high dividend yield and robust cash flows make Enbridge an attractive buy for long-term investors.

A defensive telecom buy

Telecom is a defensive industry. Consumers are unlikely to reduce spending on their data or internet connection, which makes **Telus** (TSX:T)(NYSE:TU) a safe bet in the downturn. Shares of Telus have fallen 22.7% in just over a month, increasing the stock's dividend yield to 5.4%.

Telus has increased its dividend payment for the last four consecutive years. In 2020, Telus is eyeing a payout ratio of between 65% and 75%, with free cash flow estimated between $1.4 billion and $1.7 billion.

Telus is expanding into other business segments such as Digital Health. In March 2019, it launched Babylon, a virtual health care solution. Telus also acquired Competence Call Center, a vast European presence, and ADT, a security services provider. These acquisitions will drive revenue growth for the company in the coming years.

Telus is also playing a major part in the ongoing COVID-19 crisis. The company has waived internet fees for low income families and donated $500,000 to support a global research team to develop an anti-viral treatment for the virus.

A utility giant

Similar to telecom, utility is also a defensive industry. Shares of Canada's utility giant **Fortis** (TSX:FTS)(NYSE:FTS) are trading at $52.49, which is 11.5% below its 52-week high. The company has a forward yield of 3.8% and Fortis is one of the safest bets in this volatile market.

As people are staying home due to countrywide lockdowns, the demand for utility services is bound to increase. This increase in consumption will result in a stable stream of cash flows for Fortis, which it can then reinvest for growth or continue to increase dividends.

With a payout ratio of 74%, Fortis has some room to increase dividends. The company has increased dividends by an annual rate of 4.8% in the last three years.

Fortis provides electricity and gas services in North America and generates a majority of its sales from the United States. The low-risk nature of this business coupled with solid cash flows should make Fortis a perfect defensive bet.

TFSA investors who are looking to invest $10,000 each in these three stocks can generate annual dividends amounting to $1,730.

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