2 TSX Stocks to Buy for Your TFSA With $6,000

Description

Top **TSX** stocks crashed more than 30% in March driven by the coronavirus pandemic. While things are expected to get much gloomier from here, broad market indexes have continued to trade stronger compared to their recent lows. Yesterday, WTI crude oil future prices plunged into negative territory for the first time ever.

What should an average investor do with so much uncertainty around?

There are many stocks that are relatively immune to market crashes mainly due to their non-cyclical nature of business. Companies with stable earnings, even in economic slowdowns, would be more prudent amid such broad market uncertainties.

Let's take a look at two TSX stocks that will offer consistent returns, even if things get bleaker from here.

Top TSX stocks: Algonquin Power & Utilities

Algonquin Power (TSX:AQN)(NYSE:AQN) is a $10 billion power utilities and renewables company. Its stable cash flows enable stable dividends, which will be safe, even in case of a recession.

Algonquin stock currently offers a dividend yield of 4% and has increased it by 12% compounded annually in the last five years.

Now, investors would argue that if someone is looking for opportunities in the utility space, why not go with the top TSX stock **Fortis**, the biggest among peers? Algonquin is a faster-growing utility than this industry leader. Unlike traditional defensive stocks, Algonquin has exhibited a much higher earnings growth in the last few years.

A continued faster-than-average bottom-line growth would drive the stock significantly higher. Additionally, Algonquin offers a higher yield and dividend growth compared to Fortis.

If one invests $6,000 TFSA contribution limit for 2020 in Algonquin stock, they will make approximately $240 per year in dividends.

Algonquin's stable earnings and dividend profile along with its non-cyclical nature of business make it an attractive investment proposition for long-term investors.

Top TSX stocks: Saputo

Investors should keep things simple and consider consumer defensive stock **Saputo** (TSX:SAP) amid such uncertain periods. Top Canadian dairy processor and cheesemaker Saputo looks poised in these volatile markets.

The company stated last month that it has seen a surge in cheese and dairy products amid the lockdowns in the retail segment, while the orders from restaurant outlets came to a halt. Thus, the pandemic will have little or no impact on the company's financials in the next few quarters.

The Montreal-based company has seen a consistent increase in its revenues in the last few years. It is one of the top 10 dairy processors globally and is among the top three cheese producers in the U.S.

Its diversified earnings base and a leadership position will continue to support its financials in the long term. Investors can expect stable stock appreciation and consistent dividend growth from Saputo for the long term. It is a safe bet given its slow stock movements and the non-cyclical nature of business.

Bottom line

Though defensive, both the above TSX stocks look attractive from total return potential in the long term. They have a fair capital gains potential along with visible dividend growth. Thus, holding these stocks in your TFSA would be tax-efficient given their dividends and capital gains.

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2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:SAP (Saputo Inc.)

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vinitkularni20