TFSA Investors: Got $6,000? These 3 Stocks Are Looking Good

Description

If you're an investor with $6,000 lying around, there's no better place to put your money to work than in a Tax-Free Savings Account (TFSA). For 2020, Canadian investors get $6,000 in TFSA contribution room, providing a solid start to a tax-free investment portfolio.

If you're 18 years old this year, you can contribute at least this year's contribution amount. If you're older, you may be able to contribute up to $69,500. Either way, the TFSA is the best possible way to enjoy tax-free compounding with the freedom to withdraw your proceeds penalty-free.

With that in mind, here are three solid Canadian stocks to consider if you've got an extra $6,000 to contribute to your TFSA.

CN Railway

The **Canadian National Railway** (TSX:CNR)(NYSE:CNI) is Canada's largest railroad, moving $250 billion worth of goods a year. It's been a strong riser over the past decade, rising 325% to the **TSX**'s 32%. The company's gains have been driven by steady, dependable results.

CN's crude by rail business has seen significant growth over the past decade, thanks to the lack of pipeline capacity in North America. This year, that's taken a bit of a hit, but didn't stop CNR from growing earnings 29% year over year in Q1.

One big factor CNR has going for it is dividend growth. While the stock's yield today is on the low end, the company has a dividend growth rate of 15%, which means that investors have seen their dividends increase 15% a year over the last five years. If this track record continues, then CNR will have a higher yield-on-cost in the future than it has today.

Fortis

Fortis Inc (TSX:FTS)(NYSE:FTS) is one of Canada's largest publicly traded utilities, with 3.3 million customers. It serves electricity and supplies LNG in markets like Canada, the U.S. and the Caribbean.

As a utility, Fortis is well positioned to survive recessions like the one we're currently in. Utilities are an indispensable service, meaning that people don't cut them out of their budgets even in tough economic times. Fortis' most recent earnings release bears this out.

Earnings were basically flat year over year, which normally isn't a good thing, but's better than average in the COVID-19 era. Fortis' stock yields 3.7% and management is aiming for 6% annual increases until 2024.

Cargojet

Cargojet Inc (TSX:CJT) is a small cargo airline that performed extremely well in the first quarter. It grew its revenue by 12%, gross margin by 51%, and adjusted earnings by 24.5%.

This spike in earnings was attributed to a first-quarter surge in e-commerce orders. Because of retail business closures, customers turned to online shopping in record numbers. Cargojet, as a company that ships e-commerce packages, was a major beneficiary.

In its Q1 press release, the company attributed its success in the quarter to this factor. This shows that CJT is a resilient company that has managed to not only survive, but thrive, in the COVID-19 era.

And with the long-term growth in e-commerce, the company should thrive after things have returned to normal as well.

CATEGORY

1. Coronavirus
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TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:FTS (Fortis Inc.)
3. TSX:CJT (Cargojet Inc.)
4. TSX:CNR (Canadian National Railway Company)
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Date
2025/08/14
Date Created
2020/05/29
Author
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