3 Top TSX Stocks That Will Make You Richer in 2020 (and Beyond)

Description

Stocks may get cheaper really soon! At writing, the **TSX Index** was being rejected from a 50-day simple moving average. If the downward path continues next week and maybe even over the next couple of months, it'd be a wonderful opportunity to buy stocks on dips.

Here are three top TSX stocks that can make you richer in 2020 and beyond.

TD stock yields 5.2%

The macro environment looks pretty ugly — COVID-19 is lurking in the dark, a high unemployment rate, a potential housing market collapse, high debt levels, low interest rates, etc.

Altogether, it doesn't bode well for even the big Canadian banks like **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) stock. The stock fell 18% from its 2020 high.

In the last reported quarter, TD's diluted earnings per share were slashed in half due largely to higher provisions for credit losses as the bank set aside more money for an expected higher level of bad loans.

While TD stock will be a bumpy ride for buyers today, investors who are in it for the long haul will be rewarded with a recovery. Meanwhile, collect TD stock's juicy yield that sits at 5.2% right now.

If you're worried about further pullbacks, which are likely, consider building a position over time to get an average lower cost. This way, you can get the best of both worlds — participate in future price appreciation and start collecting dividend income.

Fortis stock

Fortis (TSX:FTS)(NYSE:FTS) stock is participating in the market selloff — mildly. It's only trading 13% lower from its 2020 high.

In my opinion, Fortis is the most defensive of the three dividend stocks discussed here. It should be the most stable throughout the COVID-19 pandemic. Additionally, it has a clearer path for growth. Its multi-year capital plan is on track, so there's no change for its anticipated 6% annualized growth rate through 2024.

The defensive dividend stock is not cheap. At $50.46 per share at writing, it trades at about 19.6 times earnings. Arguably, it's fairly valued for its solid 3.8% dividend yield and predictable growth.

If you're really stringent on getting a good deal, consider the stock when it yields 4% or higher. Currently, this would require the stock falling to $47.75 per share or lower.

Saputo: A defensive dividend stock

There aren't too many consumer staples stocks to choose from on the TSX, let alone find one that's of high quality. **Saputo** (TSX:SAP) stock is certainly in the high-quality bucket.

Since 2009, it has delivered annualized returns of about 12% despite the recent sell-off. Specifically, the stock has declined 22% from its 2020 high.

In the last few years, Saputo stock has been quite expensive, trading as high as 28 times earnings. At writing, the stock trades at just under $32 per share, a much more reasonable multiple of roughly 19.8.

Saputo is one of the world's top 10 dairy processors. It produces, markets, and distributes quality dairy products, including cheese, milk, cream products, cultured products, and dairy ingredients.

In the last reported quarter ended on March 31, it saw revenues rising 15% to $3.7 billion and net cash from operating activities rising 29% to $295 million. However, adjusted earnings per share fell 25% to $0.24.

The full impact of COVID-19 will be seen over the next quarters, and it could take a year for things to normalize. During this period, it'd be a good idea to buy some Saputo shares on dips, as it's a relatively defensive name.

Saputo is a Canadian Dividend Aristocrat with 20 consecutive years of dividend increases with a five-year dividend growth rate of 6.5%.

It offers a yield of about 2.1% right now. Analysts have an average 12-month price target of $39.70 per share that represents 24% near-term upside potential.

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