Got $3,000? Here Are 3 Dividend Stocks to Build Your TFSA Riches!

Description

If you're wondering where to invest a few thousand bucks–say, $3,000–you've got a lot of choices available to you. Such choices include stocks, bond funds, index funds, and everything in between. Depending on your investing goals, any one of these could be a good choice. Ultimately, every investor has different needs, and there's no one size fits all solution that's right for everyone.

However, if you're interested in *income-producing* investments, you'd be wise to consider dividend stocks. They pay cash income like bonds, but potentially with far higher yields. Among Canadian stocks, dividend yields are typically fairly high, as the **TSX** hasn't seen the huge gains that U.S. markets have over the past decade.

So, you can get a lot of cash income back for every dollar you invest. With that in mind, here are three high-yield Canadian dividend stocks to stash in your TFSA to build wealth.

Suncor Energy

Suncor Energy Inc (TSX:SU)(NYSE:SU) is a Canadian energy company that extracts and sells crude oil. It operates its own chain of *Petro Canada* gas stations nationwide. This business model means that it can capture more profit per barrel of oil it extracts, compared to an energy producer that sells to other companies downstream. That's a big advantage.

Also, as a domestic-oriented energy company, Suncor doesn't depend on oil exports to survive. That's important because oil exports to the U.S. are coming under pressure from increasing domestic production. All of these factors bode well for Suncor, which sports a tasty 4% yield at current prices. By the way, this stock is a Warren Buffett favourite.

Royal Bank

Royal Bank of Canada (TSX:RY)(NYSE:RY) is Canada's largest bank. Its stock is the second largest in Canada after **Shopify.** Like most banks, RY fell in the COVID-19 stock market crash. That's because it's exposed to a number of risk factors like defaults on mortgages and oil and gas loans.

However, those risk factors are fading over time. As the economy re-opens, more Canadians are going back to work, and energy prices are starting to rise. So the anticipated wave of defaults may not materialize. If they don't, then banks stocks like RY will have been good buys at today's prices.

Fortis

Fortis Inc (TSX:FTS)(NYSE:FTS) is one of the most resilient dividend stocks in Canada. Having increased its dividend every year for 46 years, it has stood the test of time. It's not hard to see why: 99% of the company's earnings come from regulated utilities, providing barriers to entry that protect the company's competitive position. In general, utilities have this advantage. However, Fortis is safer than most, with an extraordinarily high percentage of its assets being regulated (as opposed to competitive).

Viewed purely as a dividend stock, Fortis is a clear winner. With a 3.5% yield at today's prices and a 46 year track record of increases, it's hard to find a more reliable dividend payer than this — a perfect pick for a dividend-oriented TFSA.

CATEGORY

1. Bank Stocks
2. Dividend Stocks

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. NYSE:RY (Royal Bank of Canada)
3. NYSE:SU (Suncor Energy Inc.)
4. TSX:FTS (Fortis Inc.)
5. TSX:RY (Royal Bank of Canada)
6. TSX:SU (Suncor Energy Inc.)

PARTNER-FEEDS

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

Category

1. Bank Stocks
2. Dividend Stocks

Date
2025/08/26
Date Created
2020/08/25

Author
andrewbutton