



TFSA Investors: 2 Ultra-Safe Dividend Stocks for 2020

Description

The global pandemic came along to decimate almost every sector of the economy completely. However, the tech stocks trading on the **TSX** managed to remain resilient due to the increasing demand for e-commerce during the lockdown. Over the past couple of weeks, we've seen tech stocks begin to show signs of weakness.

After several months of substantial gains, many investors scrambled out of tech stocks amid fear of a tech bubble. On September 1, several high-profile tech companies like **Tesla** and [Shopify saw a sudden decrease in valuations](#). I personally don't believe that tech investors should worry about a significant crash. The industry is booming and has the potential to grow.

However, if you are a risk-averse investor, you would likely want to use your Tax-Free Savings Account (TFSA) to grow your capital without uncertainty. I will discuss two excellent stocks that can provide you with reliable dividends that can grow your account balance in the TFSA.

Alimentation Couche-Tard

Alimentation Couche-Tard (TSX:ATD.B) is an industry leader for convenience stores in Canada. Circle K is the biggest name associated with Alimentation. It is the most popular non-franchised convenience store chain in the U.S. – bested only by 7-11. Circle K is also rapidly expanding throughout Canada.

Alimentation spent most of the last decade taking over and rebranding Irving locations as Circle K locations, providing Alimentation a dominant position in the industry.

Despite the troubles caused by COVID-19, Alimentation managed to grow its earnings by almost 50% in Q1 2020. The earnings could have been much higher for the company if a pandemic was not a factor. Alimentation is trading for \$43.98 per share at writing with a mere 0.64% dividend yield. However, it is a Canadian Dividend Aristocrat that can almost guarantee payouts to its shareholders.

Fortis Inc.

Fortis Inc. ([TSX:FTS](#))([NYSE:FTS](#)) is a long-time favourite of most risk-averse investors and a staple among Canadian Dividend Aristocrats. Backed by a remarkable 46-year dividend growth streak, it is a reliable dividend-paying stock trading on the TSX that is a part of any dividend-income portfolio.

Fortis' management plans to keep increasing its payouts by 6% over the next five years to continue its excellent streak. The company can provide such a stable payout to its shareholders because of the nature of its business. Utilities are non-cyclical companies that can generate guaranteed cash flow because customers will always need their utilities running.

No matter how bad the economy gets, people will need natural gas and electricity in their homes, which allows Fortis to continue earning money that it can use to finance its growing payouts each year.

Foolish takeaway

If you want to create a dividend-income portfolio in your TFSA, you should ideally [diversify your holdings](#). However, it is crucial to allocate some portion of your contribution room to shares of companies that can provide you with reliable dividends. To this end, both Fortis and Alimentation Couche-Tard are excellent stocks.

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