TFSA Investors: 2 Top TSX Stocks to Buy on a Market Pullback

Description

The **TSX Index** is due for a healthy pullback. That's great news for TFSA investors with some cash available to invest in the best TSX stocks.

Best buy-and-hold stocks for a TFSA

A stock market correction gives investors a chance to buy shares of great businesses at discounted prices. This is particularly attractive when creating a portfolio of top dividends stocks. The dip in the share price boosts the dividend yield, and investors who reinvest the distributions can pick up even more stock.

The best companies tend to be market leaders that can endure the volatility. Look for stocks that have long track records of dividend growth in tough economic times as well as during economic expansion.

Why Fortis stock deserves to be on your TFSA buy list

Fortis (TSX:FTS)(NYSE:FTS) has raised its dividend in each of the past 47 years. That's the kind of stability investors look for when searching out top dividend stocks during market volatility.

The board intends to raise the payout by an average of 6% per year through 2025. Very few companies in the TSX Index provide this kind of solid guidance on dividend growth.

Fortis operates more than $50 billion in utility assets located in Canada, the United States, and the Caribbean. The businesses include power generation, electricity transmission, and natural gas distribution networks. Most of the revenue is regulated, meaning cash flow tends to be predictable and reliable.

People need the keep the lights on, cook food, and heat their homes, regardless of whether the economy is in good shape or working its way through a recession.

A quick look at Fortis over the past 20 years suggests the stock is a good buy when the price drops. A $10,000 investment in Fortis stock 20 years ago would be worth more than $100,000 today with the dividends reinvested.

TD Bank remains an attractive buy-and-hold dividend pick

TD (TSX:TD)(NYSE:TD) survived every major economic crisis in the past century and has navigated the through the challenges of the pandemic in good shape. In fact, TD reported solid fiscal Q1 2021 results and stands to benefit, as the North American and global economies recover.

TD is best known for its Canadian retail banking operations, but it also has a significant presence south of the border. The bank built the U.S. division through a series of acquisitions over the past 15 years and now has the scale to compete in that market.

Like Fortis, TD has a fantastic track record of dividend growth. That should continue in the coming years.

The bank built up excess capital to ride out the pandemic. Fortunately, Canada has avoided the worst-case economic scenario. TD and its peers are now waiting for the government to give the green light to deploy the extra funds. That should occur before the end of the year and investors could see a nice distribution increase.

TD is another stock that deserves to be bought on a pullback. This was certainly the case during the financial crisis and again in 2020.

A $10,000 investment in TD just 20 years ago would be worth $77,000 today with the dividends reinvested.

The bottom line on buying market dips

Market crashes are always scary, but these events typically present fantastic opportunities to buy top stocks. Fortis and TD are just two of the leading TSX dividend stocks that deserve to be on your TFSA radar during a market correction.

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