TFSA Investing: 3 Rock-Solid TSX Superstars

Description

The Tax-Free Savings Account (TFSA) is a massively powerful tool for Canadian investors. That's because TFSA investing allows Canadians to grow their investments tax free over time.

The TFSA is also very flexible and works with a wide range of investment styles. However, a few of its key characteristics make it a slightly better fit for some applications than others.

For instance, due to its finite contribution room that you don't get back when realizing losses, it's often advisable to select more reliable investments within a TFSA.

While no tax on capital gains makes it enticing to go for home-run picks, the downside of losing that valuable contribution room is a big risk.

Today, we'll look at three steady TSX superstars that are ideal for TFSA investing.

BMO

Bank of Montreal (TSX:BMO)(NYSE:BMO) is a massive Canadian bank stock that offers investors both attractive growth prospects and a reliable dividend.

In fact, BMO has paid a dividend every year since 1829, giving it a phenomenal track record for dividend stability. It also has shown a penchant for solid reliable share price growth over time.

As of this writing, this TFSA investing star is trading at $117.75 and yielding 3.6%. While that's not the most eye-popping yield around, it's certainly solid given the name it's attached to.

For TFSA investing purposes, BMO combines growth upside with dividend reliability to deliver strong value to investors.

BCE

BCE (TSX:BCE)(NYSE:BCE) is a large Canadian holding company specializing in the telecom space. It is the holding company for the Bell Canada group of companies including Bell Media.

Through its subsidiaries, it offers a wide range of products and services to many Canadians. It's through this wide moat of revenue streams that BCE is able to offer its investors reliable growth and dividend stability.

As of this writing, this TFSA investing giant is trading at $59.11 and yielding 5.92%. A yield like that should certainly excite Canadian investors looking to latch onto a Canadian telecom behemoth.

BCE can offer investors both share price growth and a growing dividend over time that will make for ideal TFSA investing results.

Defensive TFSA investing

Some investors with perhaps a short investment timeline or a conservative risk tolerance may favour more defensive TSX stocks. **Fortis** (TSX:FTS)(NYSE:FTS) is a defensive stock that's still ideal for TFSA investing purposes.

That's because while the stock doesn't offer much in the way of share price growth, it has one of the most reliable dividends around and is highly resilient to market conditions.

Fortis is able to achieve this because its utility services are largely provided through regulated contracts. As such, its revenue sources are very secure and predictable.

Investors are not often surprised either way by Fortis, but they can always count on the stock's solid dividend and defensive capabilities.

TFSA investing strategy

All three of these TSX superstars are ideal for TFSA investing. They can all offer unique characteristics to investors looking for sustainable growth over time.

While these stocks will likely never blow the roof off in terms of growth, they can deliver top-of-the-line results in the long run for Canadian investors.

If you're looking to add to a TFSA investing plan, give these three names further consideration.

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1. Bank Stocks
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TICKERS GLOBAL

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2. NYSE:BMO (Bank of Montreal)

3. NYSE:FTS (Fortis Inc.)
4. TSX:BCE (BCE Inc.)
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