Top 2 TFSA Stocks That Rarely Lose Value

Description

After the bull market of the past year, investors are obsessed with making money. However, the most aggressive growth stocks also come with plenty of unseen downside. Instead, investors who've had success over the past year and accumulated some wealth should consider stocks that preserve money .

Certain sectors and stocks are simply insulated from the rest of the economy. They offer essential services and have multi-year contracts and steadily expanding cash flows. That's what makes them ideal for your Tax-Free Savings Account (TFSA).

Here are the top two TFSA stocks that deserve a spot on your wealth-preservation watch list.

TFSA stock #1

Fortis (TSX:FTS)(NYSE:FTS) is an obvious choice for investors looking to preserve capital. The company supplies the most essential service of all: electricity. Utilities like Fortis have entrenched natural monopolies in the regions where they operate. This business is also detached from the rest of the economy.

Fortis's resilience was clear last year, when the stock retained its value, despite the pandemic. After a brief dip in March, Fortis stock quickly recovered its value. If you include dividend payments, the stock has actually delivered a positive return over the past two years.

At the moment, Fortis stock is trading at a reasonable 20 times price-to-earnings multiple. That implies an earnings yield of 5% — far greater than most robust value stocks. The company also offers a 3.7% dividend yield, which has been bumped up every year for the past 46 years. This year, the dividend is likely to be bumped up again.

If you're looking to safeguard capital, you can't overlook this TFSA stock.

TFSA stock #2

BCE (TSX:BCE)(NYSE:BCE) is another robust TFSA stock for wealth preservation. Just like Fortis, BCE offers an essential service. Wireless data and broadband is a utility at this point, and BCE dominates the market in Canada.

The stock is trading at the same level it was back in 2016. Over the past five years, the stock price has been remarkably stable. However, if you account for the 5.8% annual dividend yield over that period, BCE has delivered a steady return over the past half decade.

Investors can expect this dividend yield to remain elevated. After all, there is no clear sign that BCE's business model is about to be disrupted. There's also no indication that BCE is about to lose its market dominance to competitors.

In short, if you're looking to preserve capital for decades, this TFSA stock should be on the top of your list.

Bottom line

The stock market isn't just a wealth-creation machine. In this era, where interest rates are super low and real estate is inaccessible, some stocks can serve as a safe haven. If you're already wealthy and looking to preserve capital, consider robust dividend stocks like Fortis and BCE.

These robust TFSA stocks can help you earn a steady dividend and preserve value for many years.

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vraisinghani