



## Income Investors: Top Up Your TFSA With These Dividend-Growth Stars

### Description

The TFSA is a great vehicle to help income investors protect dividend earnings and capital gains from the taxman.

Let's take a look at **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)) and **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) to see why they are solid picks.

### Enbridge

Enbridge took a hit last year as investors fled any name connected to the energy sector. While the sell-off was warranted for highly leveraged producers, it didn't make much sense in a name like Enbridge.

Why?

Enbridge isn't a producer; it simply transports oil, gas, and gas liquids from the point of production to the end user and charges a fee for providing the service.

As a result, the price of the commodity isn't as important as throughput. In fact, less than 5% of Enbridge's revenue is directly affected by changes in commodity prices.

Some analysts are concerned the oil rout will reduce demand for new infrastructure. In the near term that is likely the case, but Enbridge has enough projects under development to carry it through the tough times, and investors should still see strong dividend growth.

The company plans to put \$18 billion in new assets into service over the next three years, and that should support annual dividend growth of 8-10%. The current quarterly payout of \$0.53 per share yields 4%.

Enbridge reported Q1 2016 adjusted earnings of \$0.76 per share, up from \$0.56 per share in the same period last year. The gains came as a result of record volumes on the company's mainline.

## TD

TD is a profit machine.

The company just reported fiscal Q2 2016 net income of \$2.05 billion, up from \$1.86 billion in Q2 2015. That's pretty impressive given the headwinds facing the banks.

TD is best known for its Canadian retail banking business, but the company actually has more branches south of the border.

The U.S. operations offer investors a great hedge against difficult times in the Canadian economy as well as an opportunity to benefit when the U.S. dollar trades higher than the loonie.

Earnings from the U.S. division jumped 21% in Q2 compared with last year. The Canadian personal and commercial banking group delivered gains of 2%.

Analysts tend to rate TD as the safest bet among the banks because it has the lowest exposure to energy loans and relies less on capital markets activities to drive revenue growth.

The stock pays a quarterly dividend of \$0.55 per share that yields 3.8%.

## CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing

## POST TAG

1. Editor's Choice

## TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:ENB (Enbridge Inc.)
4. TSX:TD (The Toronto-Dominion Bank)

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