

## 2 Dividend Stocks I'd Buy Today With a \$10,000 Windfall

### Description

Once in a while, investors find themselves with a bit of extra cash.

The windfall could be from a bonus at work, a rebalancing of the portfolio, or the sale of all the *Star Wars* toys you'd stashed away for the past 35 years.

Regardless of the source, one good way to put the funds to work is to buy dividend stocks.

Let's take a look at **TransCanada Corporation** ([TSX:TRP](#))([NYSE:TRP](#)) and **Sun Life Financial Inc.** ([TSX:SLF](#))([NYSE:SLF](#)) to see why they might be attractive picks.

### TransCanada

TransCanada had a rough year in 2015 as the oil rout and President Obama's rejection of the Keystone XL pipeline sent investors running for the exits.

In 2016, however, the stock has regained all of its losses, and more gains could be on the way.

What's going on?

The reversal in oil prices certainly helped bring investors back into the energy space, but TransCanada also hiked its profile through a major acquisition.

The company spent US\$13 billion to purchase Columbia Pipeline Group in a deal that adds 5,400 km of pipeline infrastructure and gives TransCanada strategic assets in the attractive Marcellus and Utica shale plays.

Columbia also had a solid backlog of commercially secured projects, which has boosted TransCanada's medium-term development portfolio to \$25 billion.

As these assets are completed and go into service, TransCanada should see revenue and cash flow grow enough to support annual dividend increases of at least 8%.

Savvy bargain hunters who moved in at the bottom have enjoyed a 50% rally, but value remains in this stock.

Keystone could be back on the table if Trump wins the U.S. election, and the Energy East project in Canada is slowly moving through the negotiation process. At the moment, the potential revenue stream from either of these projects is not fully priced into the stock.

TransCanada pays a quarterly dividend of \$0.565 per share for a yield of 3.8%.

## Sun Life

Sun Life has recovered from the dark days of the Great Recession and is squarely focused on growth.

The company unloaded its problematic U.S. annuities business and has invested the funds into safer fee-based assets, including a real estate management firm and two companies that specialize in providing fixed-income solutions to pension funds and insurance companies.

Sun Life is also expanding its exposure to Asian growth. The company raised its stake in its Birla Sun Life holding in India from 26% to 49%. The Indian insurance market is expected to grow at a healthy clip in the next decade, and Birla Sun Life is positioned well to capitalize on the opportunity.

In Vietnam, Sun Life raised the ownership stake its partnership from 45% to 75%.

The stock has pulled back a bit over the past three months, and this is giving investors a great opportunity to get in at a reasonable price.

Sun Life pays a quarterly dividend of \$0.405 per share. That's good for a yield of 4%. As the new investments generate more revenue, investors should see solid dividend growth in the coming years.

### Is one a better bet?

Both stocks are strong contenders for a dividend portfolio.

Earlier in the year I would have picked TransCanada as my first choice, but the strong rally has probably taken away the advantage. At this point, I would consider it a draw between the two names.

## CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

1. NYSE:TRP (Tc Energy)
2. TSX:SLF (Sun Life Financial Inc.)
3. TSX:TRP (TC Energy Corporation)

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### Date

2025/08/26

### Date Created

2016/09/08

### Author

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