



## TFSA Investors: 2 Dividend-Growth Stocks to Buy Today

### Description

Canadians are searching for top dividend stock to add to their TFSA holdings.

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

#### Enbridge

Enbridge is already a giant, but its recently announced acquisition of **Spectra Energy** will create the largest energy infrastructure firm in North America with an enterprise value of \$165 billion.

The addition of Spectra brings substantial new natural gas assets and creates a diversified business with crude oil, liquids, and natural gas pipelines, as well as terminal and midstream operations, regulated utility businesses, and renewable power generation.

Investors have been concerned that demand for new infrastructure will drop as a result of the oil rout. That might be the case, but Enbridge and Spectra have combined commercially secured projects on the go worth \$26 billion and another \$48 billion in projects under development.

As the new assets are put into service, Enbridge expects to see cash flow rise enough to support a 15% dividend increase in 2017 and hikes of at least 10% per year through 2024.

Enbridge currently offers a yield of 3.6%.

#### Sun Life

Sun Life had a tough run during the Great Recession, but the company has bounced back and is once again focused on growth.

Management sold off the troublesome U.S. annuities business and has directed new investments in the country at fee-based businesses in the asset management space. The company set up a new division, Sun Life Investment Management, to hold the assets and has already purchased three

companies that provide investment solutions for insurance firms, defined benefit plans, and other institutional bodies.

Sun Life is also ramping up its investments overseas with a specific focus on Asia's growing middle class.

The company recently raised its ownership in its Indian partnership, Birla Sun Life, from 26% to 49%, and hiked its equity position in the Indonesian business to 100%. In Hong Kong, Sun Life just purchased a pension business.

The dividend increased twice last year and jumped again this spring. Investors should see the payout continue to rise as the new assets contribute more meaningfully to cash flow. The current payout yields 3.7%.

If you are looking for a financial stock, but are worried about housing risks for the Canadian banks, Sun Life is an attractive alternative.

### **Is one stock a better TFSA pick today?**

Both Enbridge and Sun Life are solid TFSA choices.

Enbridge probably offers better dividend growth over the medium term, so I would make the pipeline operator my first pick.

### **CATEGORY**

1. Dividend Stocks
2. Investing

### **TICKERS GLOBAL**

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)
3. TSX:SLF (Sun Life Financial Inc.)

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