



## TFSA Income Investors: Is Enbridge Inc. or BCE Inc. Oversold?

### Description

Canadians are searching for reliable dividend stocks to hold inside their TFSA income portfolios.

The strategy makes sense, as any distributions paid inside the TFSA are yours to keep. That's right; you don't have to set any aside for the tax authorities.

Let's take a look at **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)) and **BCE Inc.** ([TSX:BCE](#))([NYSE:BCE](#)) to see if one is attractive today.

### Enbridge

Enbridge is a pipeline giant with gas and oil operations located throughout Canada and the United States.

The company completed its acquisition of Spectra Energy earlier this year in a \$37 billion deal that created North America's largest energy infrastructure business. Spectra added significant gas assets to complement Enbridge's strong focus on liquids pipelines and provided a boost to the capital plan.

As of the Q2 2017 report, Enbridge had \$31 billion in commercially secured projects on the go that should provide enough cash flow growth to support annual dividend increases of at least 10% per year through 2024.

The stock is down nearly 10% in 2017.

At the time of writing, investors can pick up a yield of 4.75%.

### BCE

BCE also closed a deal this year with its purchase of Manitoba Telecom Services.

The acquisition vaulted BCE to top spot in the Manitoban market and provides the company with a strong base to expand its presence in the western provinces.

BCE's wireless and wireline network is complemented by the company's media group, which owns sports teams, a television network, radio stations, specialty channels, and an advertising division.

Combined, the assets create a formidable business that has the potential to interact with most Canadians on a weekly, if not daily, basis.

BCE's stock is down in recent months among concerns that higher interest rates will hit the telecom sector.

Rising rates can trigger a shift of funds from dividend stocks to GICs, but rates are expected to increase in small intervals and over an extended period of time, so the market might be getting ahead of itself.

BCE generates significant free cash flow, and investors should see dividends continue to increase in step with gains in that metric.

The stock offers a yield of 4.8%.

### **Is one a better bet?**

Both companies should be solid buy-and-hold picks for an income-focused TFSA portfolio.

That said, Enbridge probably offers better dividend-growth prospects over the medium term, so I would make the pipeline giant the first pick today.

### **CATEGORY**

1. Dividend Stocks
2. Energy Stocks
3. Investing

### **TICKERS GLOBAL**

1. NYSE:BCE (BCE Inc.)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:BCE (BCE Inc.)
4. TSX:ENB (Enbridge Inc.)

### **PARTNER-FEEDS**

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

### **Category**

1. Dividend Stocks
2. Energy Stocks

### 3. Investing

**Date**

2025/08/18

**Date Created**

2017/08/31

**Author**

aswalker

default watermark

default watermark