

## 2 Top Canadian Dividend Stocks to Boost TFSA Returns

### Description

Canadian investors are searching for ways to increase the returns they get on their savings.

One strategy involves owning Canadian [dividend stocks](#) inside a TFSA portfolio and using the distributions to buy additional shares. This sets off a powerful compounding process that can turn a modest initial investment into a nice nest egg over time.

Let's take a look at two stocks that might be interesting picks for your [TFSA](#) today.

#### **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#))

TD is best known for its Canadian operations, and that part of the company brings in the most profit, but TD also has a strong presence in the United States.

In fact, the company now has more branches south of the border than it does in the home country, with a network that runs right down the U.S. east coast from Maine to Florida.

This provides investors with a nice hedge against any potential downturn in the Canadian economy.

Some pundits are concerned rising interest rates could cause trouble in the Canadian housing market and hit the banks. A total meltdown would certainly be bad news, but most analysts predict a gradual pullback in house prices, and TD's residential mortgage portfolio is capable of riding out a downturn.

The bank has a strong track record of dividend increases, and that should continue in step with expected earnings growth of 7-10% in the medium term.

At the time of writing, the stock provides a yield of 3.6%.

#### **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#))

Enbridge bought Spectra Energy last year in a \$37 billion deal that created North America's largest energy infrastructure company.

Spectra added important gas assets and provided a nice boost to the capital plan. Enbridge is currently working through \$22 billion in near-term commercially secured development projects that should be completed by the end of 2020.

As the new assets go into service, Enbridge expects cash flow to improve enough to support annual dividend increases of at least 10% over that time frame. The company recently raised the payout by 10% for 2018 and that follows a 15% increase last year.

The stock is down amid the broader pullback in the energy infrastructure sector and is starting to look oversold. Investors can now pick up a yield of 6.6%.

### Is one more attractive?

Both stocks have long track records of dividend growth and should continue to be solid buy-and-hold picks for a dividend-focused TFSA portfolio. At this point, I would probably split a new investment between the two companies.

### CATEGORY

1. Bank Stocks
2. Dividend Stocks
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1. Editor's Choice

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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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