



## Should You Buy Enbridge Inc. (TSX:ENB) or Suncor Energy Inc. (TSX:SU) for Your TFSA Dividend Portfolio?

### Description

Canadian investors are searching for top-quality stocks to add to their TFSA [dividend-growth](#) portfolios.

The strategy makes sense, whether you are a retiree looking to boost returns on your savings, or a young investor hoping to use the TFSA to build a substantial nest egg for the golden years.

**Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)) and **Suncor Energy Inc.** ([TSX:SU](#))([NYSE:SU](#)) are both leaders in their respective segments and have solid track records of dividend growth. Let's see if one is an attractive pick right now for your TFSA holdings.

### Enbridge

Enbridge is at an interesting point in its history. The stock topped out above \$65 per share in 2015 and has been on a downward trend for the better part of three years. Long-term investors are wondering if the growth has peaked, and new investors are trying to decide if this is simply a dip to use as a buying opportunity.

At the time of writing, the stock trades at \$46. It was as low as \$38 in late April.

Bulls look at the recent progress on the turnaround plan and see more gains on the way. Enbridge launched a strategy shift last fall that aims to see the company monetize up to \$10 billion in non-core assets to pay down debt and fund ongoing development opportunities. Once the dust has settled on the process, Enbridge will primarily own regulated assets in the liquids pipeline and natural gas distribution segments.

Demand appears strong for the businesses Enbridge wants to sell. It already found buyers for about \$7.5 billion in assets, which is significantly higher than the \$3 billion in asset sales the company initially targeted for 2018.

Enbridge is working through \$22 billion in secured capital growth projects, with most expected to be completed by the end of 2020. The company recently received approval from Minnesota to move

ahead with the \$9 billion Line 3 replacement. The Canadian side of the project, which has a budget of \$5.3 billion, is already complete. Enbridge hopes to have the project finished and in service by the end of next year.

Enbridge raised its dividend by 10% for 2018, and more payout growth should be on the way, as new assets are put into operation. The current distribution provides a [yield](#) of 5.8%.

## **Suncor**

Suncor raised its dividend by 12.5% for 2018, and healthy increases should be in the cards for the coming years.

The company's diversified revenue stream and strong balance sheet enabled Suncor to boost its resource base and production capacity during the oil rout. Suncor owns refineries and retail operations in addition to the oil sands and offshore production assets.

Fort Hills and Hebron, which were both completed late last year, are ramping up to output capacity faster than expected, and Syncrude should be back at full production by the end of September.

Suncor continues to boost its strategic holdings in international assets. The company recently closed its purchase of a 17.5% stake in the Fenja development project in Norway and increased its position in the North Sea Rosebank project by 10% during the second quarter.

WTI oil is back above US\$70 per barrel, and some analysts are predicting a return to US\$100 in the near future. The current dividend provides a yield of 2.6%.

Suncor generated \$2.9 billion in funds from operations in Q2 2018. Operating earnings came in at \$1.2 billion, and net earnings hit \$972 million, or \$0.60 per share, compared to \$435 million, or \$0.26 per share, in the same period last year.

## **Is one more attractive?**

Both stocks should be solid buy-and-hold picks for a dividend-focused TFSA portfolio. Enbridge still looks oversold, and Suncor has great production-growth potential, so I would probably split a new investment between the two companies today.

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1. Dividend Stocks
2. Energy Stocks
3. Investing

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2. NYSE:SU (Suncor Energy Inc.)
3. TSX:ENB (Enbridge Inc.)
4. TSX:SU (Suncor Energy Inc.)

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aswalker

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