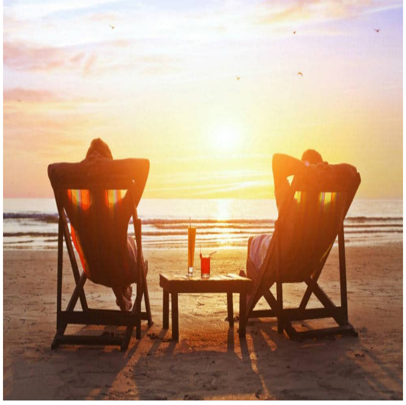

2 Top Dividend Stocks to Buy for Your TFSA This Summer

Description

At this point in time, energy prices remain high and economic growth remains strong.

Through the good times and the bad, utilities/energy infrastructure stocks are the beacon of safety for investor portfolios, as they provide relatively consistent and reliable earnings and dividends.

Let's explore two dividend stocks that have been generating strong cash flows for investors for the last many years.

Enbridge (TSX:ENB)(NYSE:ENB)

Although Enbridge stock has fallen 13.5% in the last year, it has provided investors with a solid dividend yield throughout.

Since 1996, investors have enjoyed 22 years of dividend increases, with a 33% dividend increase in 2015, a 14% increase in 2016, and a 15% increase in 2017. Management expects the dividend to increase at a 10% compound average growth rate from 2017 to 2020.

Currently providing investors with a 5.6% dividend yield, Enbridge remains a dividend stock that investors may want to consider loading up on.

And with the recent midstream sale of its Western Canadian gathering and processing business for $4.31 billion, funding and dividend concerns have been effectively addressed and should provide the stock with upward momentum.

AltaGas (TSX:ALA)

AltaGas stock continues to languish, as the drawn-out issues of funding and dividend policy remain unclear. The market does not like this uncertainty.

But with second-quarter 2018 results coming in consistent with expectations, and with the WGL finally having closed on July 6, 2018, we can see increasing clarity, and we can see that management is committed to improving its credit metrics and capitalizing on the opportunities of the acquisition.

As a reminder, WGL's high-quality assets and market position will bring AltaGas many growth opportunities as well as significant earnings and cash flow accretion.

2018 guidance is for year-over-year normalized EBITDA growth of 25-30%, normalized funds from operations growth of 15-20%, and the divestiture of $2 billion to help with permanent funding of the acquisition.

The stock currently has a dividend yield of 8.55%.

And there is still time to get in on this, as investors will continue to be handsomely paid while they wait for the significant capital-appreciation potential of the stock.

Baytex Energy (TSX:BTE)(NYSE:BTE)

For those investors who are looking for a higher-risk/higher-reward way to invest in the energy sector, you may want to think about Baytex Energy stock.

Baytex has also had its share of troubles in the past, namely a heavily indebted balance sheet.

But the company has addressed this issue with the acquisition of **Raging River Exploration** in an all-stock deal, which, unfortunately, diluted existing shareholders and sent the stock tumbling almost 30% to current levels.

The good news, though, is that on a go-forward basis, the merger looks really good, as it strengthens the company's balance sheet and diversifies its production and asset base, setting the company up for a good year ahead.

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1. Dividend Stocks
2. Energy Stocks
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