



## Your Sure Path to a Wealthy Future

### Description

The Tax-Free Savings Account (TFSA) is an excellent tool for you to build wealth. A sure path to a wealthy future is to buy blue-chip dividend-growth stocks when they're priced at good valuations and hold them for a long, long time (ideally forever if the business fundamentals remain strong).

Buying these quality stocks in your TFSA will allow you to earn tax-free dividends and book tax-free capital gains in the event that you sell shares of your stocks for a profit.

Right now, these two [blue-chip dividend stocks](#) are undervalued.

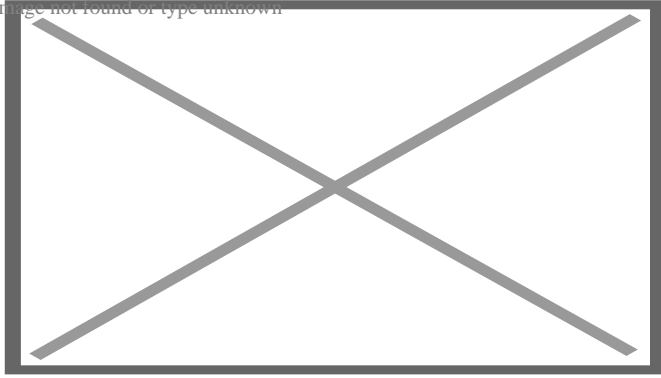
## Build wealth with Scotiabank

**Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)), or Scotiabank, is actually an indirect but much safer way to invest in markets with great exposure to the volatility of commodity prices. While the stocks of oil and gas producers have fallen about 20% since the drop in the WTI oil price in early October, Scotiabank's stock has only fallen about 7%.

At about \$70 per share as of writing, Scotiabank trades at a price-to-earnings multiple of about 10, which is a decent discount of about 15% from its long-term normal multiple of about 11.8.

Scotiabank is very profitable, with a recent net margin of 22.6%, which beat the other Big Six banks. Its payout ratio of about 50% aligns with its peers. So, the blue-chip bank's dividend yield of about 4.8% is very safe.

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The analysts at **Thomson Reuters** has a one-year mean target of \$86 per share for Scotiabank, which represents almost 23% near-term upside potential. For a conservative investment, that's quite good.

Scotiabank will be reporting its quarterly results on Tuesday, around which time the stock could be more volatile than usual. The stock is a good buy now and any further dips would make the stock even more attractive.

## Why Brookfield Infrastructure is a sure path to wealth

**Brookfield Infrastructure Partners** ([TSX:BIP.UN](#))([NYSE:BIP](#)) has a portfolio of infrastructure assets, which is diversified by geography and asset type. Both developing and emerging markets need good infrastructure. So, the infrastructure sector is growing with support by all levels of government.

However, governments don't necessarily have the budget to build or improve infrastructure. So, there are huge funding gaps, including estimations of EUR\$1 trillion in Europe and US\$3.6 trillion in the United States by 2020. That's where Brookfield Infrastructure can come in, as the company has strong access to capital.

Brookfield Infrastructure stock has outperformed its utility peers over the short, medium, and long term while paying a nice cash distribution to its unitholders. It owns assets that generate sustainable and growing cash flow to support its cash distribution.

Brookfield Infrastructure pays a U.S. dollar-denominated cash distribution, which it aims to increase by 5-9% per year on a per-unit basis. At under \$53 per unit as of writing, the blue-chip utility offers a yield of about 4.7%. The analysts at Reuters has a one-year mean target of US\$46 per unit for Brookfield Infrastructure, which represents about 16% near-term upside potential. So, the stock is a reasonable value today.

## Investor takeaway

[Grow your wealth](#) faster with no hindrance of taxes by buying blue-chip dividend stocks, such as Scotiabank and Brookfield Infrastructure, in your TFSA today. You can buy these two stocks on dips over time and pretty much enjoy their income and stable growth.

## CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

## **TICKERS GLOBAL**

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. NYSE:BNS (The Bank of Nova Scotia)
3. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
4. TSX:BNS (Bank Of Nova Scotia)

## **PARTNER-FEEDS**

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

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