
# 2 Undervalued Canadian Dividend Stocks to Buy for Your TFSA in 2019

## Description

The days of severe downward stock market pressure have awakened investors to a new reality. In 2019, easy money will be harder to come by, risks will be priced into stocks, and defensive will win the day.



Here are two undervalued Canadian dividend stocks that investors should consider adding to their TFSA.

**Enbridge Inc**. (TSX:ENB)(NYSE:ENB)

Enbridge has been hit by uncertainty related to pipeline approvals and general malaise in the energy industry.

The stock is down 5% in the last year amid strong EBITDA growth that is expected to lead to 2018 EBITDA growth of over 20%.

With Enbridge stock trading at $47.24 at the time of writing, this equates to undervalued multiples on an EBITDA basis as well as cash flow basis. EBITDA in 2018 is expected to be in excess of $12 billion.

With a dividend yield of 6.25% and a stable and reliable dividend history, Enbridge is a top dividend stock for investors seeking stability, reliability, capital preservation, and income.

Since 1996, investors have enjoyed 22 years of dividend increases, with a 33% dividend increase in 2015, a 14% increase in 2016, a 15% increase in 2017, and a 10% increase in 2018. Management expects the dividend to increase 10% next year and 5% to 7% thereafter.

That 5% to 7% growth rate in dividends is lower that the company's prior guidance, but Enbridge stock price has declined sharply since January 2017 — by almost 20% to be more precise. In my view, this stock price decline makes up for the lower dividend. Therefore, this looks like a good entry point for investors looking to get more defensive and to lock in their future tax-free TFSA income.

**Pembina Pipeline Corp**. (TSX:PPL)(NYSE:PBA)

Pembina is a pipeline and midstream company whose stock is currently yielding an attractive 5.17%.

And this dividend has been increased annually by approximately 5%, so investors have also gotten good dividend growth with this stock.

While the payout ratio was elevated a couple of years ago, the company has and will continue to get it down to more comfortable levels in the next few years due to strong performance by the company's premium assets as well as attractive investment opportunities.

Pembina's dividend coverage is strong, debt leverage is low, its payout ratio is 50% of cash flow, and its need for capital from the equity markets is low.

With a concentration of primarily liquids infrastructure, Pembina is well positioned for 2019, making it a top undervalued pick for TFSA investors.

**Final thoughts**

Recent market weakness has uncovered many excellent, undervalued dividend stocks that investors should consider snatching up for their TFSAs in the pursuit of low-risk, tax-free retirement income.



**CATEGORY**

1. Dividend Stocks
2. Energy Stocks
3. Investing

**TICKERS GLOBAL**

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. TSX:ENB (Enbridge Inc.)
4. TSX:PPL (Pembina Pipeline Corporation)

**PARTNER-FEEDS**

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

**Category**

1. Dividend Stocks
2. Energy Stocks
3. Investing

**Date**
2025/09/08

**Date Created**
2019/01/16
**Author**
karenjennifer