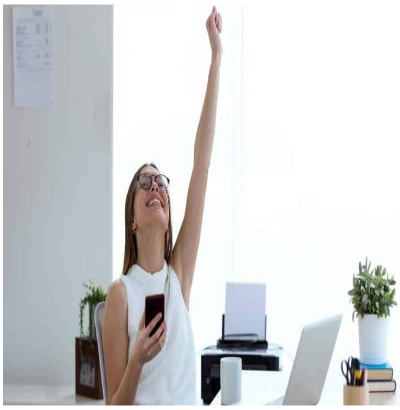

Millennial TFSA Investors: How to Grow $10,000 Into $100,000 in Just 20 Years

Description

Canadians are using their TFSAs to set cash aside to meet a number of financial goals. Some people are saving for a down payment on a house, while others are using the TFSA to build a retirement fund.

The cash can be invested in a variety of ways, but over the long run, buying quality dividend-growth stocks and investing the distributions in new shares often provides the biggest bang for your buck when it comes to growing the size of your savings.

Let's take a look at two top Canadian stocks that have generated great returns for investors and should continue to be solid buy-and-hold picks for a TFSA portfolio.

Toronto Dominion Bank (TSX:TD)(NYSE:TD)

TD just reported fiscal Q1 results that came in below analyst expectations. The quarter was a challenging one for most of the Canadian banks compared to fiscal Q1 last year, and while investors might be tempted to step back from the sector, history has proven that dips tend to be good buying opportunities.

TD is widely viewed as being the safest choice among the large Canadian banks due to its heavy focus on retail banking operations. In addition, TD's large American business provides a nice hedge against any difficult times in the Canadian market.

Adjusted net income, which excludes one-time charges, rose 6% in the Canadian business and jumped 21% in the American division compared to fiscal Q1 last year, so TD is still growing.

Management just raised the dividend and is maintaining its target of 7-10% earnings-per-share growth over the medium term.

At the time of writing, the stock provides a yield of 3.5%.

A $10,000 investment in TD just two decades ago would be worth about $93,000 today with the dividends reinvested.

Enbridge (TSX:ENB)(NYSE:ENB)

Enbridge spent $37 billion in 2017 to buy U.S.-based Spectra Energy. The deal created an energy infrastructure giant with more than 165,000 km of gas pipelines and roughly 30,000 km of liquids pipelines.

Since the closing of the purchase, Enbridge adjusted its long-term strategy and is now focused on owning and operating regulated businesses. The company found buyers for roughly $8 billion in non-core assets last year and brought four subsidiaries back under the roof of the parent company. The market has cheered the progress, pushing the stock off the 2018 low around $38 to the current price of $49.

Enbridge raised the dividend by 10% for 2019. A similar increase is expected next year, and solid hikes should continue beyond 2020 in step with distributable cash flow increases of 5-7% per year.

The existing payout provides a yield of 6%.

A $10,000 investment in Enbridge 20 years ago would be worth more than $110,000 today with the dividends reinvested.

The bottom line

TD and Enbridge are market leaders with strong businesses that should continue to generate revue and earnings growth. An equal investment in the stocks today would provide an average yield of 4.75%.

Other top stocks are also worth considering right now for a buy-and-hold TFSA portfolio.

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