



What Does Tax Season Mean for Your Investments?

Description

Another year, another tax season.

For most people, that can mean the most stressful time of the year. But when the dust is settled from tallying up your dues, you might be left with a little nest egg just sitting there waiting to be hatched. So what do you do?

The tax season is actually an ideal time to consider looking into new investments. This is especially the case if you have a Tax-Free Savings Account (TFSA), meaning that you can make investments that will not be taxed by the government come the next tax year (as long as you abide by the rules, of course).

So if you want to turn that little nest egg into a golden goose, consider buying these strong stocks this tax season.

Enbridge

Enbridge Inc. ([TSX:ENB](#))([NYSE:ENB](#)) is a strong start to any stock portfolio. The energy titan is in a position to see some massive growth over the next few years, not least of all because it's been so undervalued for so long. The stock currently sits at about \$49.50 at the time of writing this article, but analysts put its value much higher in the \$60 range!

This price comes from the company's promising immediate and distant future. Granted, right now pipelines in general have had a bad run. Enbridge recently announced that it would be delaying its Line 3 pipeline opening until the second half of 2020, making some worry that this could cause the supply glut of crude oil to continue past the end-of-year deadline set by the government.

But here's the thing: Line 3 isn't all Enbridge has going for it right now. The company's Mainline system generates about 70% of Canada's takeaway capacity, putting it in a position to have incredible growth when the Line 3 pipeline is completed. Another bonus for TFSA investors is the incredibly attractive quarterly dividend offered by Enbridge. Currently, that dividend sits at 6% or \$2.95 per share, which is

a fair bit of guaranteed income every few months. So while the company is only now reaching its 52-week highs after reporting losses, with an [EPS in the recent quarter of 300%](#), Enbridge should be a no-brainer investment.

Royal Bank of Canada

Now, just like Enbridge, you might be asking yourself, “Why would I buy another stock that’s hitting highs not seen in months?” Well, because just like Enbridge, those highs are projected to get even higher.

With a stock like **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)), and really when starting out investments in general, you have to look at the long term. That’s why Royal Bank is such a good option. The company has remained as one of the top banks in Canada for years due to its powerful and diversified revenue stream. The only real downfall it has is its strong stake in the Canadian housing market. Analysts are predicting a housing slump in the near future, which could hit this and other banks pretty hard.

However, that’s why I mention the long term. If a housing slump hits, just look away for a while and I’m sure there will be a rebound. For now, however, this stock is strong. Its recent earnings surpassed analyst’s revenue expectations of \$10.93 billion, reporting instead \$11.59 billion for the quarter. Also, the bank’s recent growth into the high-net-worth and commercial banking space in the U.S. will definitely help during any housing crisis.

Finally, like Enbridge, this stock may have hit some highs, but it’s still undervalued with a great dividend. At the time of writing, the stock sits at about \$103 per share, but with a fair value closer to \$110. As for its dividend, [at 3.92% its nothing to sneeze at](#), and will definitely look good coming in no matter what this stock does in the near and distant future.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
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2. NYSE:RY (Royal Bank of Canada)
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