



## TFSA Investors: 3 “Perfect” Stocks to Buy for Reliable Dividends

### Description

The following three stocks are just right for a TFSA, bringing a blend of good value and high dividends. Let's look at the stats and outlook for this trio of tickers perfectly suited for a long-term investor looking to pad a tax-free savings account.

### Canadian Natural Resources ([TSX:CNQ](#))([NYSE:CNQ](#))

Down 7.2% in the course of the last five days, [Canadian Natural Resources](#) stock is going cheap after the company cut its Albian mines output forecasts for the next couple of months. However, it's making up for it by optimizing other resources – so does that make it a top TFSA-filler to buy on the dip?

While a one-year past earnings growth of 8.1% beats a slightly negative five-year average past earnings growth rate by a somewhat narrow margin, the long-term passive income investor bullish on natural resources will find Canadian Natural Resources' decent dividend yield of 3.97% to be reason enough to buy.

For would-be investors interested in buying Canadian Natural Resources stock, you may want to forget about that revised future output and focus on a 14.9% expected annual growth in earnings. Meanwhile, debt at 64.5% of net worth isn't too much of a worry at this point, though it does denote a balance sheet that the low risk investor may look upon as less than satisfactory, especially in conjunction with recent news.

### Enbridge ([TSX:ENB](#))([NYSE:ENB](#))

A slightly negative one-year past earnings growth rate denotes a tough year for energy stocks; while that may come as no surprise, a five-year average past earnings growth of 33% shows that Enbridge can pull it out of the bag under better conditions. Indeed, Enbridge's returns of 21.1% over the past year easily beat the [oil and gas industry](#) average for the same 12 months (which was itself negative by 3.4%).

While a 32% discount off of the future cash flow value suggests that Enbridge might be a solid buy for a value-focused portfolio, RRSP, or tax-free savings account, a P/E of 33.5 times earnings tells a different story. At around double the average for a Canadian oil and gas stock, that price-to-earnings ratio is slightly off-putting; however, Enbridge stock is trading near the market in terms of book value.

## **BCE ([TSX:BCE](#))([NYSE:BCE](#))**

BCE's returns of 12.1% in the past year narrowly beat the Canadian telecoms industry average of 9.1% for the same period. Its earnings growth has been negative for the past year, not unlike Enbridge's, though BCE's five-year average past earnings growth of 6.6% is considerably lower than that stock's earnings growth.

Decent valuation matched with a chunky dividend are the main draw for this top-tier Canadian telecoms ticker, with a P/E of 19.3 times earnings denoting the former and a yield of 5.3% illustrating the latter. Though a 6.2% expected annual growth in earnings may be on the low side, it shows growth in a crowded field at the very least, which makes that passive income taste even more palatable.

## **The bottom line**

Buy Enbridge for its high dividend yield of 6.04% and 36.5% expected annual growth in earnings, or go for Canadian Natural Resources, with its P/E of 17.8 times earnings and P/B of 1.4 times book indicating near-perfect valuation. BCE, meanwhile, remains one of the front-line communications and media stock on the TSX index and a fairly sturdy long-term investment.

### **CATEGORY**

1. Dividend Stocks
2. Energy Stocks
3. Investing
4. Stocks for Beginners

### **TICKERS GLOBAL**

1. NYSE:BCE (BCE Inc.)
2. NYSE:CNQ (Canadian Natural Resources)
3. NYSE:ENB (Enbridge Inc.)
4. TSX:BCE (BCE Inc.)
5. TSX:CNQ (Canadian Natural Resources Limited)
6. TSX:ENB (Enbridge Inc.)

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