



## TFSA Investors: 2 Stocks That Offer Huge Passive Income

### Description

A dim turn in U.S.-China trade talks has ushered volatility back into North American markets. The U.S. Dow Jones and NASDAQ, and the Canadian S&P/TSX Composite Index all suffered triple-digit declines in trading sessions early this week. It may be wise for investors to think about taking profits and reinvesting in secure, income-yielding equities right now.

In late April, I'd discussed dividend stocks with [yields above 4.5%](#). The Tax-Free Savings Account (TFSA) is popular because of its ability to produce enormous tax-free gains for investors, but it is also effective as an [income-generating vehicle](#). Today, we are going to look at two stocks that can help you collect attractive passive income in your TFSA.

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

Enbridge is the largest energy infrastructure company in North America. Shares of Enbridge were up 16% in 2019 as of close on May 7. The stock had climbed over 20% from the prior year. As of this writing, Enbridge has yet to release its first-quarter results, but readers will have access to the report today.

In the fourth quarter, Enbridge boosted its quarterly dividend to \$0.738 per share. This represents a strong 5.9% yield. Enbridge has a wide economic moat, and the company rebounded nicely in 2018. Earnings shot up from 2017 largely due to the Spectra Energy inclusion but also because of strong operating results and operating cost efficiencies.

Enbridge's most recent dividend increase marked the 24th consecutive year that it has achieved dividend growth. This puts it in elite company on the TSX Index. Enbridge has reaffirmed its target of a 10% hike to its dividend in 2020. It is targeting longer term 5-7% DCF per share CAGR post-2020. Enbridge is one of the top dividend stocks to target on the TSX.

### TransAlta Renewables ([TSX:RNW](#))

We will switch gears now to a renewable energy stock. TransAlta Renewables is a Calgary-based electric utility company that owns and operates energy generation and transmission facilities. Shares of TransAlta had climbed 33% in 2019 as of close on May 7. The stock was up nearly 20% from the prior year.

Unlike Enbridge, TransAlta offers a monthly dividend payout to its shareholders. TransAlta currently pays out a monthly dividend of \$0.07833 per share. This represents an attractive 6.7% yield.

TransAlta released its fourth-quarter and full-year results for 2018 on March 6. Adjusted funds from operations rose \$15 million year over year largely due to higher EBITDA and lower interest expense. Comparable EBITDA hit \$430 million in 2018, which exceeded the company's 2018 outlook. Its 2019 outlook forecasts comparable EBITDA between \$425 million and \$455 million.

The monthly income provided by TransAlta should pique the interest of TFSA investors. Those with a long-term outlook may also want to increase exposure to the growing renewables sector. It has encountered some turbulence over the past two years, but investment is due to increase well into the next decade. Companies like TransAlta are sure to benefit. Its forward P/E of 17 puts it in attractive price territory relative to its peers.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)
3. TSX:RNW (TransAlta Renewables)

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