TFSA Investors: 2 Dividend Stocks to Buy and Hold Forever

Description

Canadian investors have a fairly rare opportunity right now to take advantage of two of the most stable industries and add them to their portfolios on the cheap.

The banking and energy sectors have had a rough go as of late. After coming out of the end of 2018 on a low, and creeping back up to share prices not seen since before October, those share prices have been falling yet again for two reasons.

In the banking industry, analysts are fearful of a recession, where Canadians won't be able to afford to take out loans, seriously hurting every Canadian bank. In the energy sector, after a slight climb, the oil and gas glut has continued, hurt especially by further pipeline delays.

But again, that means there are opportunities to buy up top stocks at bargain basement prices. Two I would recommend today are **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) and **Inter Pipeline Ltd.** (TSX:IPL). Let's take a look at why.

TD

Sharing the top spot for Canada's largest bank, TD has now taken over as Canada's fastest-growing bank. Funnily enough, this has mainly been across the border. TD is now one of the top 10 banks in the United States, with earnings growth consistently hitting 8-10%. This is quite the difference between the other Big Six Banks that have been mainly hitting single digits.

It's not the only place TD has been excelling, however. The bank has taken some steps to quell any market correction, cutting seven mutual funds to streamline its Bank Asset Management offering line-up. Management is so confident that it offered to buy back 20 million shares in September over the next 12 months, and recently boosted its quarterly dividend to a 3.88% yield.

Yet even with solid earnings reports, a growing business, and a boost in dividends, this stock is still down. The stock currently trades at about $76.50 per share as of writing, with its net asset value (NAV) at $81 per share. Given that analysts predict a rise to $90 per share in the next 12 months, it's now an incredible bargain.

Inter Pipeline

Inter pipeline has been plagued by the recent delays in pipelines that, frankly, it has nothing to do with. The stock is currently in growth mode, which has proven bad for short sellers, but great for investors getting in now and willing to hold. Its Heartland Petrochemical complex investment caused recent results to come in on the low end, but the company's cash flow should ramp up again come 2021 when the complex starts up.

Heartland isn't the only project that the company has going for it, however. The company is powered by 72% long-term contracts, meaning that cash flow will steadily come in for decades no matter how the markets behave. That's why the company has been growing lately, as it has the cash to ramp up production. It also has the cash to cover a hefty dividend yield of 8.54% as of writing — a dividend that has steadily increased over the last decade.

But again, the stock is well below its NAV of $24 per share, trading at $20 per share at writing with a 12-month expected growth to around $28 per share.

Foolish takeaway

Both of these stocks offer investors an excellent opportunity to buy-and-hold top stocks on the cheap. I wouldn't buy either of these stocks hoping to sell them in even a year or two, but would rather buy and hold for as long as I can, taking advantage of both stocks' incredible dividend yield.

As an example, using your TFSA contribution room, investors could bring in $3,944 annually from dividends alone. That's almost $4,000 of guaranteed, passive income in your pocket no matter what happens with the markets.

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