



2 Dividend Heavyweights to Add to Your TFSA in July

Description

Summer vacation is the perfect time to add to your TFSA. You beat the rush of investors looking to put their cash to work earlier in the year, and the summer can create some interesting bargains.

The logic goes like this. Investors don't pay as much attention to their portfolios in the summer. They're too busy enjoying beverages on the patio or heading to the beach. Average trading volume confirms this.

This creates buying opportunities as certain stocks grind slowly downwards. Traders then return from vacation, realize this move happened and then start buying. You want to get in now, before this happens.

A couple of prominent Canadian stocks are currently in this position. Let's take a closer look.

Bank of Nova Scotia

I'm a big fan of buying **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) shares [anywhere under \\$70 each](#). With the stock currently trading just over \$69 per share at writing, investors who are looking to add a cheap bank stock to their portfolio should be loading up on shares.

Scotiabank's Canadian operations are solid, delivering gobs of predictable income. Yes, it's likely that mortgage growth will be tepid this year, which is one of the reasons why the stock has struggled.

But Canadian banking operations are still projected to generate more than \$4 billion in profits in 2019. This is a juggernaut of a business that's just experiencing a little rough patch.

But the real prize is the company's international operations. Scotiabank has focused on becoming one of Latin America's top banks over the last 15 years, and these assets continue to post fantastic results.

Through the first two quarters of fiscal 2019, the company's international operations posted \$1.5 billion in profits. Earnings growth from Canadian operations was barely positive. International *earnings* growth

was close to 15%, although that was helped by acquisitions.

At some point, the market will appreciate this growth more than it does today, and Scotiabank shares will race higher. You'll want to own shares before this happens.

In the meantime, investors are getting a 5% dividend to wait, a fantastic yield when compared to traditional fixed income options. The payout has been increased each year since 2010.

Enbridge

Enbridge Inc. ([TSX:ENB](#))([NYSE:ENB](#)) shares have been hit since the end of May, falling close to 10% on issues with its Line 5 pipeline in Michigan. The state wants Line 5 replaced immediately, while Enbridge says a new pipeline can't be completed until 2024.

The state responded by asking the courts to force Enbridge to shut down the line altogether.

Like most of these types of issues, this too shall pass. Line 5 is too important to Michigan and surrounding states for it to ever be shut down completely.

Investors should embrace the buying opportunity and load up on one of Canada's finest energy companies at bargain prices.

Enbridge is a behemoth. It owns more than 27,000 km worth of liquids pipelines, 42,000 km of natural gas pipelines, and it operates North America's third-largest natural gas utility. The company is also an active investor in [renewable power generation](#), including offshore wind farms.

The company has pledged to spend \$16 billion on growth projects between now and the end of 2020, and wants to spend approximately \$5 billion annually on growth initiatives after that. Investors don't have to worry about the company becoming stagnant.

Enbridge also offers one of the best dividends out there, with the current yield checking in at 6.2%. The company has a stellar history of dividend growth and has already committed to hiking the payout 10% in 2020. It should be able to maintain 5-7% annual dividend increases after that.

The bottom line

July is a great time to buy both Enbridge and Bank of Nova Scotia, two temporarily beaten-up stocks with terrific current yields and long-term business prospects.

These stocks should provide excellent returns over time while investors sleep well at night knowing they own some of the finest assets out there. What's better than that?

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2. NYSE:ENB (Enbridge Inc.)
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