



TFSA Investors: 2 Stocks to Own in 2021 With Serious Dividends

Description

Now is the time to be buying up stocks, if you can afford it.

There are a number of industries that have bargain-basement pricing on stocks that you can buy now and hold for decades. Those decades will go by, and you're likely to see some serious gains before you're ready to sell your stocks.

However, that's years away. What about right now?

Dividend stocks are the perfect way to take advantage of your stocks in the present and use that cash towards reinvestment, car payments, or even a vacation. It's your money; do with it what you want!

And if you're really in a rush, there are a few stocks that are not only on sale at the moment, but have some momentum going forward that — once the markets recover — will likely see some gains in both share price and dividend yield.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is the perfect example of this point. The stock has been [undervalued](#) for quite some time for two reasons. First, the oil and gas industry glut has affected the stock. Second, pipeline projects have consistently been put on pause, as environmental regulations are continuously changing. Exhibit A: the Line 3 replacement and expansion project was recently put on pause, as Enbridge hadn't followed all environmental regulations.

These recent issues have brought the stock price way down to \$46.85 per share as of writing, well below the stock's net asset value (NAV) price of about \$60 per share — a discount of 28%!

But here's what's going to change for investors by 2021. In that time, the oil and gas industry will have recovered to normal prices. After that, Enbridge is ahead of the game when it comes to abiding by these new environmental regulations. Once Line 3 is underway, it has several other secured projects in the works that are set to be completed by 2021.

Once complete, Enbridge's shares are likely to go stratospheric. When shares and revenue goes up, dividend increases usually come with it. Even now, Enbridge has a solid history of dividend growth. In the last five years, the dividend has come up about 110% to where it is now at 6.3%. The company expects to continue growing those dividends by 8-10% per year through to 2021.

TD

Another battered industry is still the banking industry, with **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) well below its NAV price of \$81, as the stock trades at writing at \$77.14 per share.

TD has remained undervalued like Enbridge for quite some time, again due to analysts telling everyone that there should be a drop in the markets coming soon should a recession hit. Granted, there aren't any banks that are completely foolproof from the Canadian housing industry, but TD has been doing incredibly well considering how its peers have been performing.

This is mainly due to the bank's expansion into the United States, where TD has become one of the top 10 banks in the country. The company is now looking to expand into the wealth and commercial management space, which should prove highly lucrative for the bank and its investors.

So again, once the bank sets up this new endeavour and Canada and the U.S. recover from a potential recession, and once TD starts seeing some big numbers come in, just like Enbridge, this stock should soar by 2021. Along with that should come another dividend boost, as the company has increased its dividend by 61% in the last five years to where it is now at 3.85%. Management believes the dividend will continue [growing by 7-10%](#) in that period as well.

Foolish takeaway

If you're looking for the perfect pair of stocks to give you long-term gains and strong short-term dividends, then TD and Enbridge are absolutely the stocks for you. By 2021, investors could see a dividend yield of \$3.58 per year for TD and \$3.57 per year for Enbridge.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:ENB (Enbridge Inc.)
4. TSX:TD (The Toronto-Dominion Bank)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date

2025/09/19

Date Created

2019/07/25

Author

alegategolfe

default watermark

default watermark