



Investors: 2 Top “Forever Assets” to Stash in Your TFSA Today

Description

Many investors focus on the short term, trying to predict what stocks will be in favour six months or a year from now.

Most top investors know focusing on the short term is no way to manage a successful portfolio. These folks advocate a longer-term approach, backed by owning [terrific assets](#) that are bound to become more valuable over time. The only thing left for an investor to do is sit back, relax, and periodically put more capital to work in these forever assets.

What most investors struggle with is figuring out exactly which stocks own these types of assets. Let's take a closer look at two of Canada's top companies and why they both make a compelling buy today.

TC Energy

TC Energy ([TSX:TRP](#))([NYSE:TRP](#)), which you might know better by its previous name, TransCanada, is North America's second-largest energy infrastructure company. Its assets include 4,900 km of oil pipelines, 92,600 km of natural gas pipelines, and ownership of 11 power plants, enough to power six million homes.

Management isn't content to stop there, either. The company has \$30 billion in growth projects planned through 2023, including building Coastal GasLink, a pipeline that will ship liquefied natural gas to a planned export facility in northern B.C.

One of the things I like most about TC Energy is the company's focus on natural gas. Approximately 70% of its earnings come from its various natural gas pipelines. It seems like nobody wants an oil pipeline through their neighborhood, but the same people don't mind natural gas flowing underneath their feet. This bodes well for the future, especially for the company's long-term growth.

TC Energy has traditionally been one of Canada's best dividend growers, with the annual payout increasing each year since 2000. From 2000 to 2014, the company increased its payout by an average of 7% annually. It has then stepped on the gas, delivering 10% annual growth since 2015.

Management expects this growth to continue at least through 2021.

Remember, TC shares yield a robust 4.7% today. If the company can maintain 10% annual dividend growth through 2021, investors will be sitting on a 6.3% yield on cost at the beginning of 2022.

TD Bank

Canadian banking is a fantastic sector to invest in. Our banks have made countless investors rich over the last century.

This is not a sector you want to ignore.

What's so special about Canadian banking, anyway? Our top banks have a few very important advantages including holding a dominant market share, government regulations limiting competition, and, perhaps most important, [mortgage default insurance](#) being mandatory on riskier loans. These insurance products protect a bank against loss on mortgages with a low down payment. They're backed by the federal government and paid for by borrowers.

Every large Canadian bank has these advantages. Yet only one can be the best bank in Canada. I believe **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) holds that crown.

It seems as if everything TD Bank touches turns to gold. It has quietly grown its Canadian mortgage division into the nation's top lender. Its credit card division has unique products that have propelled growth. The company's insurance operations are strong. Its wealth management division has become the biggest and best in the sector, too.

And then there's TD's U.S. operations, which are growing nicely. Through the first two quarters of 2019, TD's U.S. retail banking division reported a 25% increase in the bottom line. There's still plenty of growth potential in the U.S., thanks to the fragmented state of the nation's banking system.

Finally, TD offers a solid 4% dividend today. Like TC Energy's payout, investors should be able to expect 8-10% dividend increases annually.

The bottom line

Sometimes we're guilty of overthinking investing. I know I sure have.

Both TC Energy and TD Bank offer reasonably priced ways to own fantastic long-term assets. There's nothing left but to sit back, relax, and watch these companies slowly get more valuable over time.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
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1. NYSE:TD (The Toronto-Dominion Bank)
2. NYSE:TRP (Tc Energy)
3. TSX:TD (The Toronto-Dominion Bank)
4. TSX:TRP (TC Energy Corporation)

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