



Does Inter Pipeline (TSX:IPL) Stock Belong in Your TFSA?

Description

For a stock to be a good investment for a TFSA, investors will first want to ensure that it isn't a big risk. Since you won't be able to benefit from any capital losses that may be incurred in the account given that any profits or losses generated will not be taxable, it's a good idea to avoid putting high-risk investments inside a TFSA. Other than that, any stock that has good odds of producing capital appreciation or generating [dividend income](#) could have a lot of value in the account.

One stock that stands out and ticks those boxes is **Inter Pipeline** (TSX:IPL). Although the stock has been falling over the past several weeks after hitting [new highs](#) in September, it could still be a great buy today. Investors may recall that back in early August, the stock got a big boost when there were rumours of a takeover bid. However, when Inter Pipeline rejected the \$12.4 billion bid from a billionaire based out of Hong Kong, the stock proceeded to fall in value, bringing its value back down around to where it was before news of the bid emerged.

Little doubt as to why the stock may have been targeted

One of the reasons that a big overseas investor likely saw value in the company is for the strong, consistent results that it has been able to generate over the years. Even though things have not been particularly strong for the oil and gas industry, Inter Pipeline's profits have been rising over the years from \$427 million in 2015 to \$593 million this past year for an increase of nearly 40%. Sales growth has been even stronger, with the company's top-line rising by more than 54% during the same period. Inter Pipeline has also been producing a lot of cash as well, with more than \$1 billion being generated from its operations over the past two years.

If things actually improved for the industry, it could lead to even more growth for the company, and its numbers could get even stronger than they are today.

Its dividend makes it popular with investors as well

Inter Pipeline currently pays its shareholders a very attractive yield of around 7.7%. It's a payout that

not many companies can maintain, but Inter Pipeline has kept the monthly payouts going, and that has made the stock an attractive buy for investors looking for some recurring income. Even if the company doesn't increase its dividend payments anytime soon, it's still a top payout that can help boost returns for investors.

Bottom line

While there is still a lot of risk surrounding oil and gas stocks, Inter Pipeline has proven to be one of the better ones to own today. With a great dividend and lots of stability, the stock could rise in price while also paying a high dividend for investors as well, and that could make it an ideal stock to put into a TFSA.

However, I would wait for the stock to stabilize, as it is still falling in value, and investors may want to wait until it's apparent that it has found some support before buying shares of Inter Pipeline. But over the long term, the stock could prove to be a big winner for investors.

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