2 Canadian Large-Cap Stocks To Buy and Hold Forever

Description

Energy stocks can be considered risky additions to a portfolio during a crisis. A hint of a recession or global turmoil generally sends their prices crashing down. However, there are some stocks that are capable of great resilience in turbulent times.

Today we'll look at two such stocks.

Large-cap pipeline stocks are safe investments because they already have a solid, existing business. The entry barriers to this industry are high, and if you are not an incumbent it is very difficult to break into this space. As long as companies transport oil and natural gas through pipelines (the cheapest mode of transport compared to rail and road), established pipeline companies will continue to make money.

I wrote about **Enbridge** (TSX:ENB)(NYSE:ENB) back on September 27, 2019, telling investors to pick up this stock because it was going cheap at $47.78.

In the four months since, Enbridge has been steadily climbing up the charts and now trades at $52.17 for an increase of 9.2% in five months. If you add the dividends that the company declared, your gains would be in the double digits.

Enbridge is one of the safest buys in the market today. It's the largest pipeline company in Canada and a Dividend Aristocrat that has consistently increased dividends over the last 24 years. The company makes money irrespective of oil prices going up or down.

Sixteen analysts track this stock, and not one of them gives it a rating of below 'hold' on Enbridge. While the average target price over the next 12 months is $55.27, I would go out on a limb and say that Enbridge might just hit the higher side of the most optimistic price target that stands at $65. Accounting for a solid dividend yield of 6.2%, we can see why Enbridge continues to be an investor and analyst favourite.

TC Energy another large-cap safe house

The second stock to consider is **TC Energy** (TSX:TRP)(NYSE:TRP), a pipeline stock with a market capitalization of $64 billion. The company has beaten earnings expectations handsomely for the last four quarters, and it looks like it will repeat that feat when it declares annual results for 2019 on February 12, 2020.

TC Energy completed projects worth $7 billion in 2019. The revenues from these projects will ensure that the company meets its dividend growth targets of between 8% and 10% every year until 2021.

TC Energy is a Dividend Aristocrat that has continuously grown its dividends for the last 19 years. Currently, the dividend yield for TC Energy is 4.38%. With a payout ratio of 68.5%, we can see that the company has enough room to continue to increase dividend payments.

It continues to work on more than $20 billion of projects under development, including Keystone XL and the refurbishment of another five reactors at Bruce Power as part of its long-term life extension program.

TC Energy also made significant progress in funding its capital program during the third quarter of 2019 as it completed the partial monetization of the Northern Courier pipeline in Alberta as well as the sale of certain Columbia Midstream assets in the Appalachia region.

TC Energy has entered into an agreement to sell natural gas-fired power plants in Ontario. These initiatives, combined with the sale of the Coolidge Generating Station, which closed in May, are expected to result in combined proceeds of approximately $6.3 billion.

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