



3 Top TSX Stocks to Buy in June 2020

Description

Canadian Foolish writers voiced their opinions on the [top 15 TSX dividend stocks](#) to buy in June.

Dividend stocks are wonderful, because they pay you to hold the investments. Ultimately, that's a great way to get periodic returns from investments, because you don't have to rely on an exit event.

From the top 15 ideas, I handpicked three that I believe are still good values today. Of course, one of them is **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#))([NYSE:BIP](#)) — the top stock I chose.

Manulife stock

I was very lucky to manage to add to my position in **Manulife** ([TSX:MFC](#))([NYSE:MFC](#)) stock when it traded at \$13 and change per share. Despite the stock reaching for the sky and rising 50% since then, it still trades at a great value. Because I believe there's room for the dividend stock to run, I still hold the stock.

At about \$20 per share at writing, Manulife trades at about 6.8 times last year's earnings. In 2019, the life and health insurer reported more than \$5.2 billion of net income. That's the kind of earnings power it has in a normal economy.

Assuming Manulife trades at 2019's year-end multiple again by the end of 2021, the stock should trade close to \$27 for about 33% upside potential. Meanwhile, the Canadian Dividend Aristocrat, with a six-year dividend-growth streak, provides a nice yield of 5.6%.



MFC Dividend Yield data by YCharts. Manulife stock's dividend yield history.

Even assuming a pretty conservative yield target of 4.5%, the stock should still trade closer to \$25 for 24% upside.

Enbridge stock

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) stock was another no-brainer buy in the market crash. Despite rallying 32% from a \$34 low, the TSX stock is still a good value.

In 2019, the North American energy infrastructure leader generated nearly \$9.4 billion of cash flow. That turned out to be \$4.65 per share. Interestingly, it's expected to increase its cash flow per share this year, because volatile energy prices have little impact on the business.

Enbridge stock is a Canadian Dividend Aristocrat with 24 consecutive years of dividend increases. The streak is set to continue. Currently, it offers a generous yield of 7.1%.



ENB Dividend Yield data by YCharts. Enbridge stock's 10-year dividend yield history.

Assuming a normalized yield of about 6%, ENB stock's fair value should be about \$54 per share. This suggests another 20% upside is in the cards.

Brookfield Infrastructure stock

Brookfield Infrastructure appears to be the only one that's not trading at a discount. However, that doesn't mean investors should ignore it. According to Warren Buffett, it's better to buy a wonderful business at a fair value than a fair business at a wonderful value.

Brookfield Infrastructure is a wonderful business. This is reflected in its incredible long-term returns of 23% per year since inception more than 10 years ago.

Its diversified portfolio of quality infrastructure assets is something shareholders should be proud of. They are critical infrastructures for the global economy. The assets include electricity transmission lines, regulated natural gas pipelines, rail operations, toll roads, data centres, and much more.

Management aims for cash distribution increases of 5-9% per year and returns of 12-15% in the long run. So, going forward, it's more reasonable to expect annualized total returns of about 10% from the dividend stock.

At writing, BIP offers a decent yield of nearly 4.4%.

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1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. NYSE:ENB (Enbridge Inc.)
3. NYSE:MFC (Manulife Financial Corporation)
4. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
5. TSX:ENB (Enbridge Inc.)
6. TSX:MFC (Manulife Financial Corporation)

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