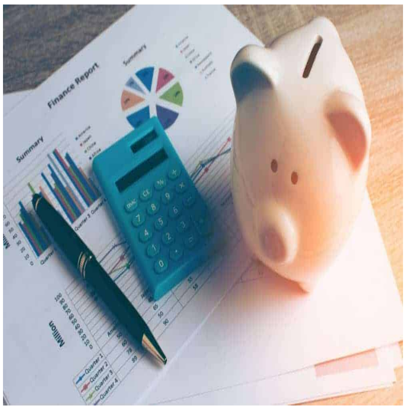

Why Buy These 2 TSX Stocks for Your TFSA Portfolio Now?

Description

The Canadian equity market is likely to remain volatile in 2020. However, several TSX stocks continue to trade low and generate steady passive income for investors, which makes them a perfect candidate for your Tax-Free Savings Accounts (TFSA) investment portfolio.

These two TSX stocks not only offer a high yield of over 7%, but their dividends are pretty safe. The resilient business, a proven track record of consistently paying higher dividends, and the ability to generate stable cash flows ensure that the payouts of these companies are secure and could continue to increase in the future.

Enbridge

TFSA investors looking for high-growth and steady dividend income should consider buying **Enbridge** (TSX:ENB)(NYSE:ENB) stock. Low oil prices have negatively impacted Enbridge's mainline system's throughput and revenue. However, Enbridge also owns a low-risk and diversified assets, which ensure steady cash flow generation and dividend payouts.

This Canadian pipeline giant's EBITDA is backed by the cost-of-service arrangements and take-or-pay contracts with credit-worthy counterparties that mitigate the adverse impact of lower throughput in its mainline. Meanwhile, its reservation-based revenue contracts and power-purchase agreements help Enbridge in generating predictable cash flows.

Thanks to its ability to consistently generate strong cash flows, Enbridge has uninterruptedly raised its dividends for 25 consecutive years. The pipeline giant's dividends have increased at a compound average annual growth rate of 11% over the last 15 years. Meanwhile, it currently offers an attractive forward dividend yield of 7.7%. In the most recent quarter, Enbridge generated net cash from operating activities of $2.81 billion, which is well above the prior-year period.

Despite its high-yield, Enbridge's dividends are sustainable and should continue to grow in the years to come. Given its growth prospects, diverse assets, and juicy forward yield, Enbridge stock should find a place in your TFSA portfolio.

NorthWest Healthcare

NorthWest Healthcare Properties REIT (TSX:NWH.UN) is a reliable investment option for TFSA investors looking for a tax-free passive income and capital appreciation. NorthWest pays monthly dividends of $0.067 per share, which translates into an attractive dividend yield of 7.5%. Its stock is down about 10% year to date, offering good value.

Unlike other REITs, NorthWest's business is pretty resilient, as it focuses on the cure segment of the healthcare real estate, including hospitals, post-acute rehabs, outpatient MOBs, and Life Sciences.

The company's operating metrics look solid and ensure that its payouts are safe. NorthWest's occupancy remains high at 97.3%. Meanwhile, about 74% of its rents are inflation-indexed. Also, over 80% of its tenants are government funded, which is encouraging.

In the most recent quarter, NorthWest's revenues increased by 3.8%, reflecting benefits from acquisitions. Moreover, the number of properties increased to 183 from 175 in the prior-year period. Furthermore, NorthWest's weighted average lease expiry term increased by 1.4 years to 14.4 years.

NorthWest's defensive portfolio (with predominantly hospital and healthcare tenants), high occupancy rate, recent acquisitions of six hospitals, and expansion in Europe bode well for future growth and could continue to support its payouts.

With the recent pullback and its high yield, NorthWest stock is must-have in your TFSA portfolio for both growth and income.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)
3. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

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