TFSA Users: Got $6,000 to Invest? Buy and Hold These Cheap TSX Shares Forever

Description

Volatility has returned, with the tech-heavy **Nasdaq** index falling into correction territory in just three trading days. But don't let that stop you from investing your TFSA (Tax-Free Savings Account) cash, especially if your 2020 contribution of $6,000 is still collecting dust in a sub-1% interest rate savings account.

With an unprecedented magnitude of monetary stimulus that's helping keep the economy staying afloat amid this crisis, the risk of rising inflation is real.

Don't discount the insidious wealth-eroding effects of inflation

Although it seems like a prudent move to hoard cash in this choppy pandemic-plagued stock market, I'd argue that for younger TFSA users with time on their side that it's arguably riskier to be caught on the sidelines for too long. The U.S. Fed seems focused on preventing the second coming of the Great Depression, even if it means letting inflation get out of hand. And if we are due for a severe uptick in inflation, it's not TFSA investors but savers that could have the most to lose.

With global markets under pressure in the first week of September, now is as good a time as any to put your $6,000 to work in battered TSX shares. This piece will have a look at two beaten-up names with moats wide enough to justify an indefinite holding period.

Consider **Emera** (TSX:EMA) and **TC Energy** (TSX:TRP)(NYSE:TRP), two blue-chip dividend darlings with yields of 4.5% and 5.3%, respectively, at the time of writing.

Emera: A top-tier utility for TFSA users to buy on the dip

Emera is a partially regulated utility that's been increasing its exposure to regulated core assets. This gravitation towards a higher degree of regulation means the firm's already robust operating cash flow streams will stand to be even more predictable. A greater degree of predictability implies the firm's earnings and cash flows will be of "higher quality" amid this unprecedentedly uncertain market environment that has nearly negligible coupons on short-duration fixed-income securities.

The company's focus on regulated assets leads me to believe that EMA shares could be subject to a fair bit of multiple expansion over the intermediate term, as the demand for bountiful bond proxies could rise as we exit this pandemic.

The utilities, Emera included, have been persevering through COVID-19 headwinds. Growth projects have seen their fair share of delays, but with the Bank of Canada and the U.S. Fed pledging to keep rates lower for longer, "growthy" utilities like Emera could get a long-lived boost, as they continue on with their multi-year capital investment plans.

Today, shares trade at 1.6 times book value and 2.3 times sales, both of which are a ridiculously low price to pay given the bountiful dividend and safety it can offer your TFSA (the stock's 0.2 beta is perfect for taming this stomach-churning, volatile market).

TC Energy: My favourite high-yield energy play on the TSX

TC Energy is a midstream energy player that's on the no-fly list of many TFSA users amid this crisis. The COVID-19 turmoil has battered the entire energy sector, and many investors want nothing to do with fossil fuel stocks at this juncture.

TC Energy isn't your typical pipeline stock, though. I view the company as more utility-like in nature, given the resilience of its operating cash flows. The company has terrific managers, a geographically diverse portfolio of energy transportation assets, and the ability to continue raising the bar on its dividend at an 8-10% annualized rate thanks to a pipeline that's full of ambitious growth projects.

Fellow Fool contributor Kay Ng recently noted that TC Energy was an undervalued dividend stock that investors should look to buy and hold forever. Kay pointed out that the firm had upped its dividend for nearly two straight decades, with an impressive five-year growth rate of 9%.

I think Kay is right on the money and would encourage long-term-focused TFSA investors to scoop up shares of the dividend-growth king while they're down and out amid the latest hailstorm in the global energy scene.

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