



## Top TFSA Stocks: How to Turn a \$6,000 Investment Into \$120,000

### Description

The stock market rally off the March low caught most investors by surprise. Despite the huge recovery, some stocks still appear [cheap](#) and TFSA investors might get a chance to buy another dip before the end of the year.

## Should you buy Bank of Nova Scotia stock now?

**Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) trades near \$56 per share. The 12-month high is above \$76, so there is significant upside potential for the stock when the global economy gets back on track.

In the meantime, investors can pick up a 6.4% dividend yield. The payout should be very safe. Bank of Nova Scotia remains a very profitable company, even in these challenging times. The Canadian banking and wealth management operations continue to perform well, helping counter a difficult stretch for the international business.

Bank of Nova Scotia typically generates about a third of adjusted profits in the foreign operations. These are primarily located in the the Pacific Alliance countries of Mexico, Colombia, Peru, and Chile. Next year could be rough for Latin America, but the long-term prospects should be attractive for Bank of Nova Scotia and its shareholders.

The stock trades at a big discount to the other large Canadian banks today. At less than 10 times earnings Bank of Nova Scotia looks cheap. Five years from now the stock could easily be back above \$75.

Long-term investors have done well buying the stock on corrections. A \$6,000 investment in Bank of Nova Scotia 25 years ago would be worth \$120,000 today with the dividends reinvested.

## Is TC Energy stock a top TFSA dividend pick?

**TC Energy** ([TSX:TRP](#)) is a giant in the North American energy infrastructure industry with \$100 billion

in assets located in Canada, the United States, and Mexico. Investors know TC Energy as a leader in natural gas transmission, but it also has natural gas storage, power generation facilities and oil pipelines.

Getting large new pipelines approved and built is difficult these days. TC Energy's Keystone XL development is a perfect example. However, the company has a strong portfolio of other capital developments on the go that should ensure steady revenue growth.

In fact, TC Energy expects cash flow to increase enough that it plans to boost the dividend by 8-10% in 2021 and by 5-7% per year afterwards. That's great guidance in these difficult times. The stock trades around \$55 per share. It was above \$75 before the pandemic.

Investors who buy TC Energy stock today for a TFSA can pick up a 5.8% [yield](#) with great dividend growth prospects. Warren Buffett's **Berkshire Hathaway** made a big [acquisition](#) in the gas transmission segment this year, so the smart money appears to see strong upside potential in assets that are very similar to those owned and operated by TC Energy.

A \$6,000 investment in TC Energy 25 years ago would be worth \$57,000 today with the dividends reinvested.

## The bottom line

Bank of Nova Scotia and TC Energy are top players in their respective industries. The stocks appear cheap today and pay above-average yield that should be safe.

If you have some cash on the sidelines for a buy-and-hold TFSA dividend fund, Bank of Nova Scotia and TC Energy deserve to be on your radar.

### CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

### TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. TSX:BNS (Bank Of Nova Scotia)
3. TSX:TRP (TC Energy Corporation)

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