TFSA Investors: 2 TSX Stocks to Make You Rich

Description

While an uncertain global economic outlook could keep the stock market volatile for the rest of 2020, a couple of TSX stocks look attractive at the current levels and could deliver outsized returns to make you rich.

In my opinion, **Enbridge** (TSX:ENB)(NYSE:ENB) and **Goodfood Market** (TSX:FOOD) are two such top TSX stocks that have the potential to outperform the broader market in the medium to long term. So, if you have a Tax-Free Savings Account (TFSA), consider buying the shares of these TSX gems for capital gains that cannot be taxed.

Why Enbridge?

Enbridge is among the few TSX stocks that continue to trade low, despite the recovery rally in the broader markets. While the uncertain energy outlook limits the upside in Enbridge stock in the near term, it could gain big from the recovery in demand.

Despite the significant disruption from the coronavirus, Enbridge delivered a strong first-half performance in 2020, thanks to its resilient and diversified cash flow streams. Enbridge's assets are highly contracted and commercially supported by long-term contractual arrangements. While Enbridge's mainline system volumes could remain underutilized over the next two to three quarters, the take-or-pay contracts and cost-of-service agreements are reducing its negative impact.

With the economic activities gaining pace, the demand for commodities is expected to show gradual improvement, which should support the recovery in Enbridge stock. Meanwhile, strength in its other businesses and cost-reduction measures are likely to keep it afloat amid challenges and support its distributable cash flows.

Investors are also likely to benefit from Enbridge's robust dividend payouts. Over the years, Enbridge has returned billions of dollars to its shareholders in the form of dividends. Moreover, Enbridge's dividends have grown at a CAGR (compound annual growth rate) of 14% over the last decade.

Enbridge reaffirmed its distributable cash flow per share outlook for 2020, implying that its payouts are safe. Moreover, the company is executing well with its $11 billion secured growth program, which is likely to drive 5-7% annual growth in its distributable cash flow per share and, in turn, its dividends.

Enbridge stock is down about 26% year to date and presents a good entry point for investors to go long at the current levels. Besides appreciation in investment value, investors could gain big from Enbridge's attractive dividend yield of 8.9%.

Emerging business

As the online grocery industry is growing fast, shares of Goodfood Market offers an opportunity to gain substantially by participating in growth. The online grocery company is witnessing solid demand for its products and services and has delivered massive returns to its investors over the last three years.

Goodfood Market stock is up over 273% in three years. Meanwhile, this year, it has delivered a stellar return of over 176%.

Its active subscriber base is growing at a breakneck pace, thanks to the rapid adoption of online grocery services. Meanwhile, its strong domestic footprint and robust last-mile delivery capabilities make Goodfood Market a popular name in the online grocery and meal kits delivery space.

I believe with secular industry tailwinds and its ability to expand its market share, Goodfood Market remains well positioned to deliver robust growth over the next decade.

CATEGORY

1. Coronavirus
2. Dividend Stocks
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TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)
3. TSX:FOOD (Goodfood Market)

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Date
2025/08/22
Date Created
2020/11/03
Author
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