



## TFSA Stock Picks: 2 Great Buys Before 2021

### Description

TFSA's are fantastic, because they shield your capital from both dividend *and* capital gains taxes, making both investing strategies a viable option with these accounts.

The best picks are stocks you can buy and hold for decades, but that doesn't mean there aren't specific times you should be buying. The two stocks below are great long-term picks, and this month looks like a great time to jump in.

### This stock has an incredible history

**Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) is a TFSA super-stock. Since 1995, shares have delivered double-digit annual returns. Those returns stem from long-term capital gains and a healthy dividend, which now stands close to 8%.

The reason Enbridge stock performed so well is because it inserted itself into one of the largest markets on the planet: energy. Not only did it play in a massive market, it also devised a business model that gave it monopolistic power over its customers.

Enbridge essentially operates toll roads, but instead of vehicles, it transports fossil fuels. It's the largest pipeline operator on the continent, shipping one-fifth of North America's crude oil. If you want your TFSA to grow for decades at a time, find monopolistic business models like this.

But why exactly is Enbridge a monopoly?

When oil producers strike pay dirt, they need to get that output to market. Roads are rarely available — same with railroads. And even if they were nearby, shipping via this method is slow and dangerous.

Pipelines, meanwhile, are cost-efficient and relatively safe. The only problem is that they cost billions to build, plus years of construction time. That has created a structural pipeline shortage in North America, directly benefiting incumbents like Enbridge.

In many ways, Enbridge is a fantastic TFSA stock of the *past*. If you want something you can buy and hold for the next few decades, keep reading.

## My top TFSA stock right now

Want to own the Enbridge of the future? Check out **Brookfield Renewable** ([TSX:BEP.UN](#))([NYSE:BEP](#)).

Like Enbridge, Brookfield inserted itself directly into a huge [growth](#) market: renewable energy. Over the last five years, \$1.5 trillion was deployed into renewable energy projects. The next five years is expected to bring \$5 trillion in investment, scaling even further from there.

As Enbridge proved, there are few markets as big as energy. If you can secure a spot at the table, a rising tide will lift all boats.

But TFSAs should focus on buy-and-hold stocks, and seeing as industry heavyweights like **BP** already believe oil demand has [peaked](#) worldwide, it's likely time to focus on what will replace the current system.

Brookfield is already growing like a weed. In the past year alone, it deployed billions of dollars globally, chasing opportunities across several continents. Whereas Enbridge was relegated to one continent, Brookfield truly is a global stock.

## Bottom line

You should never go all-in on a single stock. As with other accounts, diversification is key with TFSAs. But when I look at the market and think about which stocks I'd like to own for a century, Brookfield tops the list.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

### TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
4. TSX:ENB (Enbridge Inc.)

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rvanzo

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