2 Top TSX Dividend Stocks I’d Buy Now With an Extra $10,000

Description

Income investors have a great opportunity to buy top **TSX** dividend stocks with attractive and reliable yields for their Tax-Free Savings Account (TFSA) portfolios.

Why dividend stocks are top TSX stocks to buy now

The stock market rally off the 2020 lows benefited stay-at-home stocks. Classic top dividend picks, however, largely trailed the recovery, especially in the energy and related services sectors. This gives income investors a chance to get in while the stocks remain cheap.

As institutional investors book profits on the 2020 winners, cash might start to flow into high-yield dividend stocks trading at oversold prices. The rotation could trigger a 2021 rally for the stocks that still trade well below their pre-pandemic highs.

Let’s take a look at **TC Energy** (TSX:TRP) (NYSE:TRP), and **Enbridge** (TSX:ENB) (NYSE:ENB) to see why they look like tops TSX stocks to buy today.

Why TC Energy deserves to be a top TSX stock pick

TC Energy took a hit when Joe Biden revoked the presidential permit that gave the company the green light to finally construct the Keystone XL pipeline. The decision is a blow to the Canadian energy sector, but TC Energy investors might be relieved. Management will now focus on other projects.

Despite the Keystone XL setback, TC Energy intends to grow the business enough to support annual dividend hikes of 5-7% in 2022 and beyond. Guidance for 2021 includes a dividend raise of 8-10%.

TC Energy's natural gas transmission assets are vital to the North American natural gas industry and position the company well to benefit from the rise in Liquified Natural gas (LNG) exports. The company also has power assets that generate reliable cash flow to support capital projects and dividend payments.

TC Energy stock looks cheap near $57 right now compared to the $75 it hit a year ago. Investors who buy today can pick up a 5.7% yield.

Why Enbridge stock is a good buy today

Enbridge (TSX:ENB)(NYSE:ENB) is a giant in the energy infrastructure industry with a market capitalization of $89 billion. The business is best known for its oil pipeline assets and transports 25% of the oil produced in Canada and the United States.

The gas transmission business is also important, as is Enbridge's renewable energy group which includes solar, wind, and geothermal assets.

Enbridge should see volumes rebound on the oil pipeline assets this year. The segment normally runs near capacity and refineries will need more crude oil feedstock to keep up with the rebound in gasoline, diesel, and jet fuel demand. Commuters could head back to the office as early as this summer. Airlines might be Q4 or even early 2022 before they can restart routes on a large scale.

Enbridge expects distributable cash flow to grow by 5-7% annually in the medium term. Dividend increases should keep pace. The stock currently provides a 7.5% yield. Investors can buy the stock near $44 right now compared to $55 at this time last year.

The bottom line on top dividend stocks

These companies are not oil and gas producers. They simply make steady money as toll booths and are critical parts of the North American energy infrastructure industry.

Everyone hates the energy sector these days, giving dividend investors a great opportunity to buy Enbridge and TC Energy while they are still cheap stocks.

CATEGORY

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2. NYSE:TRP (Tc Energy)
3. TSX:ENB (Enbridge Inc.)
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