



Got \$5,000? 3 Stocks to Buy and Hold for the Long Term

Description

The easiest way to find stocks that you know will perform well long term is to find stocks that have already performed well long term. Simply, right? And there's no trick. If you take these stocks and put them in a Tax-Free Savings Account (TFSA), it means you'll be making all returns tax free, with high growth over decades.

So if you have \$5,000 to spare right now, and the room in your TFSA, it would make sense to invest in stocks that can provide you with regular and growing dividend and share income for the long term. Three energy stocks I would consider today are **Suncor Energy Inc.** ([TSX:SU](#))([NYSE:SU](#)), **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)) and **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)).

Suncor

Suncor stock was a Dividend Aristocrat before cutting its dividend last year amidst the [pandemic](#). The company had to cut production, after making an expensive purchase in the Alberta oil sands. However, it's now an incredibly attractive investment for its fully integrated oil and gas production.

Like many energy producers, Suncor took on a loss last year, of \$142 million. Low oil and gas prices and demand severely impacted Suncor's performance and earnings. However it also saw a reduction in annual capital expenditures of \$1.3 billion. The company increased its production of synthetic oil to 514,300, marking the second-best quarter in company history. And now its joint venture with Syncrude and Oil Sands will see Suncor taking over the asset by the end of this year, with \$300 million in gross synergies expected.

So Suncor has taken steps to reducing debt, increasing earnings, and investing in quality growth projects. It can now move on to increase production and add to reserves, creating a robust balance sheet. And while the dividend was cut, that means once the balance sheet is levelled out you can look forward to a hefty increase.

TC Energy

TC Energy Corp. ([TSX:TRP](#))([NYSE:TRP](#)) sailed through last [year](#) as if nothing happened in the oil and gas sector. The company's earnings grew to \$4.5 billion last year, with its \$5.9 billion in growth projects supporting that earnings growth. Much of its earnings comes from gas transmission operations, which is basically like being a utility company. These stable earnings mean you can look forward to regular cash flow for years to come. In fact, 95% of earnings come from these regulated or long-term contracts.

TC Energy's pipelines provide the much needed takeaway from Canada's oil sands to end the glut and ship along the gulf Coast. Demand remains robust, and will likely continue to be so as oil and gas rebounds. The company reported record earnings again for 2020 last month. For the year, the company announced net income of \$4.5 billion, up from \$4 billion in 2019. Management also declared a quarterly dividend increase of 7.4%! The 21 consecutive years of raising the dividend.

Yet even more growth is coming with a backlog of projects worth around \$20 billion. So management expects to continue raising the dividend between 5% and 7% for the next few years. Today's dividend yield of 5.99% makes this an attractive stock to add to your TFSA.

Enbridge

Enbridge Inc. ([TSX:ENB](#))([NYSE:ENB](#)) is a great consideration for its 7.35% dividend yield alone right now. The company announced strong performance in the last year, despite the poor oil and gas market. That's due to the company's main operations, transporting and storing crude oil, liquids and natural gas, aren't directly impacted by fluctuating prices. While prices and demand influences earnings, the company is still supported by long-term contracts that will see cash flow for decades.

Payouts look solid for future decades as well thanks to these contracts. The company is a dividend aristocrat continuously raising its dividend, with no sign of slowing down. In fact, it has a backlog of \$16 billion in future growth projects along with \$1.6 billion set out in 2020 and 2021 that will see cash flow continue for years. It's even now entering the solar self-powered facility sector.

As oil and gas recovers there should be even more demand for Enbridge and its services. So that means it should see a robust rebound, though it wasn't all that affected. The company saw a slight decrease in earnings year over year, with cash from operations rising to \$9.8 billion and a 3% increase in its quarterly dividend for the 26th consecutive year!

CATEGORY

1. Energy Stocks
2. Investing
3. Personal Finance

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:SU (Suncor Energy Inc.)

3. NYSE:TRP (Tc Energy)
4. TSX:ENB (Enbridge Inc.)
5. TSX:SU (Suncor Energy Inc.)
6. TSX:TRP (TC Energy Corporation)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Energy Stocks
2. Investing
3. Personal Finance

Date

2025/09/06

Date Created

2021/03/21

Author

alegatewolfe

default watermark

default watermark