2 Top TSX Dividend Stocks to Own for 20 Years

Description

The stock market rally over the past year wiped out many of the best deals, but investors can still find top **TSX** dividend stocks that trade at reasonable prices. Some are even undervalued.

Why Enbridge is a top TSX dividend stock to buy now

Enbridge (TSX:ENB)(NYSE:ENB) went through a major restructuring before the pandemic. The company monetized roughly $8 billion in non-core assets and brought subsidiaries under the umbrella of the parent firm. These efforts shored up the balance sheet and streamline the operations, helping Enbridge navigate last year's disruptions in decent shape.

Once COVID-19 vaccines become widespread, fuel demand should start to rebound, as airlines increase flights and commuters hit the highways. Enbridge's oil pipeline business will eventually return to near-capacity volumes. In the meantime, the natural gas transmission, storage, and distribution businesses along with the renewable energy assets continue to deliver strong results.

Enbridge has the financial clout to make strategic acquisitions and still finds organic projects across the asset base to drive growth. Distributable cash flow should rise by 5-7% per year over the medium term, and distribution hikes would likely be in the same range.

The stock trades near $46 per share at the time of writing compared to $56 in early 2020. Investors who buy now can pick up a 7.2% yield with steady dividend growth on the horizon.

Telus remains a top dividend pick for income investors

Telus (TSX:T)(NYSE:TU) is a leading player in the Canadian communications industry with wireless and wireline networks offering mobile, internet, TV, and security services. The recent announcement that **Rogers** intends to buy **Shaw** might put additional pressure on Telus in western Canada, but the deal, if approved, also removes one mobile competitor.

Telus spends a lot of money on its customer service initiatives and the efforts show up in the results. The company regularly reports the lowest post-paid mobile churn rate in the industry. This is important, as it it expensive to acquire new subscribers.

Telus has the means to invest in 5G network expansion, which will open up new revenue opportunities in the coming years. In addition, the Telus Health division enjoyed strong growth in 2020, and that trend should continue as the health industry becomes more digital.

Telus has a great track record of dividend growth. The business is very profitable, and investors should see distributions rise at a steady pace for years.

The stock trades near $26 per share right now. That's not far off the 12-month high around $27, but you still get a 4.75% dividend yield. It wouldn't be a surprise to see the share price head above $30 in the next couple of years.

Telus tends to hold up well when the broader market goes through a major correction, so it is a good stock to balance out growth picks in the portfolio.

The bottom line

Enbridge and Telus pay above-average dividends that should continue to grow for years. The companies are leaders in their industries have long track records of rewarding investors with strong returns. If you are searching for top TSX dividend stocks with attractive upside, Enbridge and Telus deserve to be on your radar.

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