



## TFSA Investors: 2 Top Dividend Stocks to Buy Now

### Description

TFSA investors are searching for leading [dividend stocks](#) to boost returns on their self-directed portfolios. The overall market looks expensive today, but some top names still trade at attractive prices.

### TC Energy

**TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)) hasn't made a large acquisition since it spent US\$13 billion to buy Texas-based Columbia Pipeline Group in 2016.

The energy infrastructure industry is expected to continue consolidating in the next few years, as existing pipelines become more valuable due to the challenges faced in getting new large projects built. TC Energy already has more than \$100 billion in assets in Canada, the United States, and Mexico. With a [market capitalization](#) of \$60 billion, the company has the size to make additional large deals.

Growth still comes from organic projects. TC Energy abandoned its Keystone XL oil pipeline project this year after the U.S. president revoked a permit, but the company is still working on \$21 billion in developments. TC Energy has power-generation facilities as well as natural gas transmission and storage networks. The natural gas industry has a bright future, as governments around the world see the fuel as a key transition option while they work toward producing more power via renewable energy sources. Natural gas emits much less carbon dioxide when burned than oil and coal.

TC Energy trades near \$61 per share and offers a 5.7% dividend yield. The stock looks [undervalued](#) right now given the solid growth program and the strong future for the natural gas market, particularly LNG.

TC Energy's board expects cash flow to grow enough to provide steady dividend hikes of at least 5% per year over the medium term. The stock traded at \$75 before the pandemic, so investors could see decent upside in the next couple of years.

## BCE

**BCE** ([TSX:BCE](#))([NYSE:BCE](#)) picked up a nice tailwind in recent months. The stock currently trades near its 12-month high, and the positive momentum could carry through the end of the year.

BCE spent \$2 billion on new spectrum in the latest auction to support its [5G](#) growth plans. The country's largest communications company is also expanding its fibre-to-the-premises network. These initiatives require billions of dollars of investments, but BCE has the balance sheet strength and size to get it done right. The payoff is arguably a wider competitive moat, and the opportunity to increase revenue per client through additional services and upgraded mobile or home-internet plans.

BCE has the power to boost prices when it needs additional cash to help fund the investments. Despite the large capital outlays, BCE still generates good free cash flow to pay its generous dividend. The stock isn't as cheap as it was a year ago, but BCE remains a solid pick for dividend investors seeking out above-average yields in a defensive stock.

The share price currently sits near \$66.50. Investors who buy BCE stock here can still pick up a 5.25% dividend yield. That's much better than any GIC will pay for quite some time.

## The bottom line for TFSA dividends

TC Energy and BCE are leaders in their respective industries. The companies generate strong profits and pay attractive dividends with great yields. If you are searching for top picks for a self-directed TFSA, these stocks deserve to be on your radar.

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1. Dividend Stocks
2. Investing

### POST TAG

1. Editor's Choice

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