



TFSA Investors: 2 Top TSX Dividend Stocks to Buy Now for Passive Income

Description

Tax-Free Savings Account (TFSA) investors are searching for top **TSX** dividend stocks to put in their portfolios focused on passive income. The best stocks to buy tend to have long track records of dividend growth supported by rising revenue and profits.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is a giant in the North American energy infrastructure industry. In fact, the oil pipelines move 25% of the oil produced in the United States and Canada. Enbridge's natural gas transmission assets might not be as well known to investors, but they actually transport 20% of the natural gas consumed in the United States.

In addition, Enbridge has natural gas utilities that distribute fuel to millions of Canadian customers. The company's renewable energy group continues to grow, as well.

Enbridge met its 2020 targets for distributable cash flow (DCF), even in the challenging conditions faced by its oil production clients. The rebound in fuel demand is bringing the oil pipeline business back toward pre-pandemic throughput levels and strong volumes should continue in the coming years.

Enbridge recently announced a US\$3 billion deal to buy an oil export facility on the U.S. Gulf Coast. The purchase is a good example of Enbridge's financial capacity to make strategic acquisitions to drive growth. The company has a [market capitalization](#) of \$100 billion and can leverage its size to do large deals. Enbridge will likely be a key player as the North American energy infrastructure industry continues to consolidate.

The stock appears attractive at the current price near \$51 and provides a 6.5% dividend yield. Enbridge has increased the payout every year for the past two decades and ongoing dividend growth should be in line with the anticipated 5-7% annual expansion of distributable cash flow.

Telus

Telus ([TSX:T](#))([NYSE:TU](#)) is a leader in the Canadian communications industry with world-class wireless and wireline networks supplying Canadian customers with mobile, internet, and TV services. The firm raised funds earlier this year through a \$1.3 billion stock sale and the initial public offering (IPO) of its international business.

These funds will help pay for the \$1.9 billion Telus recently spent on a new spectrum to support the expansion of the company's [5G network](#).

Telus has new revenue streams to watch that could become more significant in the future. Telus Health, for example, is growing quickly. The group is Canada's leading provider of digital solutions to health care providers, hospitals, and insurance companies. On the communications side, Telus is ramping up its security offerings, and 5G provides a host of new opportunities.

A CRTC decision in May 2021 to cancel planned cuts to wholesale internet rates gave Telus and its large peers better clarity on their future revenue streams. As a result, Telus will be more comfortable investing capital to expand its fibre networks to regional centres. The decision should also shore up investor confidence in the stock.

Concerns about government intervention have hovered over the big Canadian communications providers in recent years, but the lack of focus on the sector in the recent election campaign suggests government might be moving on to other targets.

Telus has a great track record of dividend growth. The company normally raises the payout twice per year and is projecting an annualized increase of 7-10% for 2022.

Investors who buy the stock at the current price of \$28.50 can pick up a 4.4% dividend yield.

The bottom line

Enbridge and Telus are top-quality dividend growth stocks that pay attractive distributions and offer above-average yields. If you have some cash to put to work in a buy-and-hold TFSA income portfolio, these stocks deserve to be on your radar today.

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