



## 1 Terrific Stock to Buy for Your TFSA

### Description

The Tax-Free Savings Account (TFSA) has become a terrific investment vehicle for savvy Canadian investors using it for a wide range of financial goals. Any contributions you make to the account come through after-tax dollars. It means that any income you generate through [TFSA investing](#) can effectively grow your account balance without incurring any income taxes for you to worry about.

One of the best ways to use your TFSA contribution room is to allocate a portion of it to top dividend stocks that can offer you better returns than bonds, GICs, or any other fixed-income alternatives. Provided you pick the right assets for your TFSA portfolio, you can generate significant tax-free returns through long-term capital gains and [dividend income](#).

Today, I will discuss **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) stock. The stock is well-positioned to provide you with significant long-term shareholder returns through reliable dividends and decent short-term upside through capital gains amid expanding economic activities.

### An overview of the company

It is important to pick stocks based on the underlying business's potential in the long run rather than just gambling on a ticker that you think might perform well. Understanding the business is crucial because it can help you determine the best way to adjust your investment portfolio based on industry conditions.

Enbridge is a \$106.49 billion market capitalization giant in the North American energy industry. The energy infrastructure giant has an extensive network of oil pipelines to transport a quarter of all the oil produced here in Canada and the U.S. The oil and gas industry is going through a boom as fuel demand continues to recover during expanding economic activities and a resumption in travel demands.

As vaccination rates increase, more people will start returning to their offices, and travel restrictions will continue to ease up worldwide. The demand for crude oil is increasing in light of the changing circumstances, allowing companies like Enbridge to return to full capacity throughput after a long time.

Enbridge also boasts a significant natural gas segment and is growing its renewable energy business to prepare itself for a greener future. The company's natural gas business includes transmission, storage, and distribution assets. Enbridge is also responsible for transporting a fifth of all the natural gas used in the U.S., providing millions of customers an essential utility service.

It is no secret that renewable energy will gradually phase out the oil and gas sector. Enbridge has developed several renewable energy projects in recent years, and the company boasts the liquidity to acquire and develop more assets to position itself well for the renewable energy boom in the coming years.

## Foolish takeaway

Enbridge stock is trading for \$52.62 per share at writing, and the stock is up by over 28% year to date as the [energy sector continues to soar](#) in 2021. The Canadian dividend-paying stock boasts a juicy yet sustainable 6.35% dividend yield despite such rapid gains on the stock market this year.

It means that buying its shares at their current price can let you lock in the massive payouts. Combined with the capital gains as the energy industry continues to sustain its strong momentum, you could be looking at significant long-term returns on your investment. Allocating a portion of your TFSA contribution room to the energy stock could set you up with a decent foundation for your investment portfolio.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

### TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)

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### Date

2025/08/23

**Date Created**

2021/10/26

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