



TFSA Pension: 2 Top TSX Dividend Stocks for High-Yield, Passive Income

Description

Retirees and other income investors are searching for the best TSX [dividend stocks](#) to buy for their TFSA portfolios.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) pays a quarterly dividend of 0.835 per share. That's good for an annualized yield of 6.6% at the current share price of \$50.50.

The stock's critics say there isn't much growth opportunity for the company in an era where it is next to impossible to get new, large pipeline projects approved and built. Enbridge recently completed its Line 3 Replacement project after eight years. The line brings oil from Alberta to refineries in the United States.

It's true that the days mega-projects are probably over, but Enbridge still has smaller opportunities to deliver steady growth, especially in its natural gas transmission, gas distribution, and renewable energy groups.

At the same time, Enbridge is large enough that it can make strategic acquisitions, as we saw with the recent US\$3 billion purchase of an oil export platform and some related pipeline assets in Texas. Consolidation in the energy infrastructure industry is expected to continue, and Enbridge has the financial firepower to be an active buyer.

The other side of the coin on the anti-pipeline movement is that existing infrastructure becomes more valuable.

Enbridge's pipeline network could also be used to transport hydrogen, which might be the future of the fuel industry.

A decent dividend increase should be on the way for 2022, and ongoing annual hikes will likely track gains in distributable cash flow. The current payout is already attractive, and the stock appears cheap

at this level.

Manulife

Manulife ([TSX:MFC](#))([NYSE:MFC](#)) continues to remove risk from its operations, extending its turnaround story after getting clobbered during the financial crisis.

The latest deal involves unlocking \$2 billion worth of shareholder value by reinsuring 75% of its U.S. variable annuities portfolio. Revenue will drop \$200 million next year and continue to decline at a smaller rate thereafter, but the move makes a big difference in how badly Manulife could get hit in the next stock market crash.

Manulife reported solid Q3 2021 earnings, even with ongoing COVID-19 challenges. As a result, the board of directors is taking advantage of the recent lifting of a dividend and share-buyback ban placed on the banks and insurance companies last year. Manulife increased its dividend by 18% and intends to repurchase up to 5% of its outstanding stock.

Manulife should see steady growth in its Asia business in the coming years. The size of the region's population and the steady growth of the middle class lends well to higher demand for insurance and asset wealth management products.

Manulife appears undervalued at the current share price below \$25. Investors who buy now can pick up a 5.3% dividend yield.

The bottom line on top high-yield stocks for a TFSA

Enbridge and Manulife are leaders in their respective industries and pay high-yield dividends that should continue to grow in the coming years. If you have some cash to put to work in a self-directed TFSA focused on passive income, these stocks deserve to be on your radar.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:MFC (Manulife Financial Corporation)
3. TSX:ENB (Enbridge Inc.)
4. TSX:MFC (Manulife Financial Corporation)

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