



## 2 Dividend-Growth Stocks I'd Buy With an Extra \$9,000

### Description

Investors are always on the lookout for top dividend-growth stocks to add to their retirement portfolios.

Here are the reasons why I think **TransCanada Corporation** ([TSX:TRP](#))([NYSE:TRP](#)) and **Fortis Inc.** ([TSX:FTS](#)) look like solid picks right now.

#### TransCanada

TransCanada had a rough 2015 as President Obama rejected the company's Keystone XL pipeline and investors fled every name in the index that was connected to the energy sector.

As a result, the stock took a nice hit, but investors finally realized the sell-off was getting out of control and have moved back into the name in recent weeks.

Despite the rally, TransCanada still looks very attractive for dividend investors.

Why?

Keystone might be on the shelf and the company's \$15.7 billion Energy East project is still up in the air, but TransCanada has \$13 billion in other developments on the go that will be completed and in service by 2018.

This means revenue and cash flow should rise considerably over that time frame, and management plans to raise the dividend by 8-10% per year through 2020.

Investors who buy now get a 4.5% yield as well as a possible shot at some healthy capital gains if Energy East gets the green light.

#### Fortis Inc.

Fortis used to be a small, unknown electricity generation and natural gas distribution business based in eastern Canada.

Today, the company is on the verge of becoming a top-15 player in the North American public utility space.

How did this happen?

Two years ago Fortis spent US\$4.5 billion to buy Arizona-based UNS Energy. The integration has gone so well that management decided it was time to go big; management just announced a US\$11.3 billion agreement to acquire ITC Holdings Corp., the largest independent pure-play transmission company in the United States.

Fortis initially pulled back on the news, but investors are starting to see the long-term benefits of the deal, and the shares are once again on the rise.

The purchase is a great way for Fortis to further diversify its business in terms of regional economic exposure and regulatory jurisdiction, and management expects ITC to provide 5% accretion to earnings in the first full year following closing.

The company gets almost all of its revenue from regulated assets, which means cash flow should be both predictable and reliable. That's good news for dividend investors, especially those who rely on the distributions to supplement their income.

Fortis has increased the dividend every year for more than four decades, and management expects to boost the payout by at least 6% per year through 2020. The stock pays a quarterly dividend of \$0.375 per share that yields about 4%.

## CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

## TICKERS GLOBAL

1. NYSE:TRP (Tc Energy)
2. TSX:FTS (Fortis Inc.)
3. TSX:TRP (TC Energy Corporation)

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