2 Dividend-Growth Picks for Your RRSP

Description

The deadline for 2015 RRSP contributions is just days away, and many investors are looking for stocks to add to their RRSP accounts.

While there is no pressure to buy before the deadline (you can simply put cash in the account to get the tax benefit and pick your stocks later), the recent pullback in the equity market is currently serving up a fine selection of top-quality dividend-growth names at very attractive prices.

Here are the reasons why I think **Bank of Montreal** (TSX:BMO)(NYSE:BMO) and **Enbridge Inc.** (TSX:ENB)(NYSE:ENB) are solid choices right now.

Bank of Montreal

Bank of Montreal just reported strong results for fiscal Q1 2016. The company delivered adjusted net income of $1.18 billion, up 13% from the same period last year. Adjusted earnings per share increased 14% to $1.74.

Those are pretty good numbers considering the economic headwinds facing the banks.

The steady performance can be attributed to Bank of Montreal's diversified revenue stream. The company has strong operations in a variety of segments including retail banking, wealth management, and capital markets, and all three segments produced solid year-over-year Q1 results.

The star in the quarter was Bank of Montreal's U.S.-based operations. The company has about 500 branches south of the border and recently purchased GE Capital's Transport Finance business. The added revenue from the new assets combined with a strong U.S. dollar drove Q1 adjusted net income 29% higher than the same period in 2015.

Bank of Montreal pays a quarterly dividend of $0.84 per share that yields about 4.6%. The company has given investors a piece of the profits every year since 1829, so investors should feel confident in the bank's ability to safely navigate through the current economic downturn.

Enbridge

Enbridge is a giant in the North American oil and gas infrastructure industry and has a long history of rewarding shareholders with dividend growth and capital appreciation.

The oil rout has led to an exodus out of most names connected to the energy sector, but the sell-off in Enbridge looks overdone.

Enbridge completed $8 billion in new infrastructure projects in 2015 and continues to diversify its growth prospects by adding renewable energy and new natural gas assets to complement the strong liquids pipeline business.

The company still has $18 billion in capital projects that should be completed and in service by 2019. Management expects the added cash flow to support dividend increases of 10-12% per year over that time frame.

In December, Enbridge raised its quarterly distribution by 14% to $0.53 per share. The company has increased the payout every year for more than two decades. The current payout offers a safe yield of 5%.

Enbridge is rarely available at such an attractive price, and investors with a long-term investment horizon should consider adding the name to their portfolios while the energy market is still in turmoil.

CATEGORY

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1. NYSE:BMO (Bank of Montreal)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:BMO (Bank Of Montreal)
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