



2 Rising Dividend-Growth Stocks to Buy Today

Description

The market rally is starting to pick up steam, and dividend investors are scrambling to buy top names that still offer some solid upside potential.

Here are the reasons why I think **Fortis Inc.** ([TSX:FTS](#)) and **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)) should be on your radar.

Fortis

Fortis used to be a little-known utility business based out of eastern Canada, but the company has vaulted into the spotlight in recent years and is now on the verge of becoming one of North America's top 15 utility companies.

Two years ago Fortis acquired Arizona-based UNS Energy for US\$4.5 billion. The deal was big and significantly increased the company's presence in the U.S. market.

Analysts were concerned management might have bitten off more than it can chew, but the integration went well, and investors have reaped the rewards of strong U.S. cash flow and higher dividends as a result.

Now, Fortis is swinging for the fence with the announcement of a US\$11.3 billion deal to buy ITC Holdings Corp., the largest independent pure-play transmission company in the United States.

The deal is definitely a lot to handle, and the stock slipped on the initial announcement, but investors are starting to warm up to the idea because the acquisition will further diversify Fortis with regards to its exposure to regional economic conditions and regulatory jurisdictions.

The bulk of the company's revenue comes from regulated assets, which means cash flow should continue to be predictable and reliable.

As for the dividend, Fortis plans to raise the distribution by at least 6% per year through 2020. The current quarterly payout of \$0.375 per year yields about 3.9%.

Fortis has increased the dividend every year for more than four decades, so the growth expectations should be bankable.

Enbridge

Savvy investors picked up Enbridge last week when it was below \$42 per share. Today the stock is at \$48 and, while the easy money has been made, the stock still looks attractive.

Enbridge has been caught up in the general downtrend in the energy market. The sell-off in some oil producers is warranted, but the bloodbath in much of the Canadian pipeline sector looks way overdone.

Enbridge isn't directly impacted by low oil prices because it simply transports the commodity from the producer to the end users and charges a fee for providing the service.

Investors exited the stock through most of last year because the growth potential was starting to look a bit weak given the cutbacks in the energy sector, but Enbridge still put \$8 billion in new assets into service in 2015 and has another \$18 billion set for completion by 2019.

That means revenue should rise at a healthy clip over next few years, and investors can expect to see strong dividend growth as a result. In fact, Enbridge plans to bump up the payout up to 12% per year as the new assets go into service.

The energy market will recover and Enbridge will continue to add new projects to its backlog. In the meantime, investors can sit back and collect a solid 4.4% yield with strong growth on the horizon.

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1. Dividend Stocks
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1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)
3. TSX:FTS (Fortis Inc.)

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