



2 High-Quality Dividend Stocks for Your RRSP

Description

As history has shown, owning a portfolio of dividend-paying stocks is the best way to build wealth over the long term. It's for this reason that dividend stocks should be the core holdings in your Registered Retirement Savings Plan (RRSP), so let's take a look at two high-quality ones with yields of 4-6% that you could buy right now.

1. Enbridge Inc.

Enbridge Inc. ([TSX:ENB](#))([NYSE:ENB](#)) is one of the largest owners and operators of energy infrastructure in North America with over \$83 billion in assets. Its assets include North America's largest pipeline network, oil and natural gas storage facilities, natural gas processing and fractionation plants, natural gas distribution facilities, power transmission lines, and renewable-power-generation facilities.

Enbridge currently pays a quarterly dividend of \$0.53 per share, representing \$2.12 per share on an annualized basis, and this gives its stock a high yield of about 4% at today's levels. This yield is also very safe when you consider that its available cash flow from operations (ACFFO) totaled \$2.21 per share and its dividend payments totaled just \$1.06 per share in its six-month period ended on June 30, resulting in a conservative 48% payout ratio, which is within its target range of 40-50%.

Investors must also make the following two notes about Enbridge's dividend.

First, it has raised its annual dividend payment for 20 consecutive years, and its 14% hike in December has it on pace for 2016 to mark the 21st consecutive year with an increase.

Second, it has a dividend-growth target of 14-15% annually through 2019, and I think its strong growth of ACFFO, including its 15.7% year-over-year growth to \$2.21 per share in the first half of fiscal 2016 and its projected 12-14% compound annual growth rate through 2019, will allow it to achieve this target.

2. Rogers Sugar Inc.

Rogers Sugar Inc. ([TSX:RSI](#)) is one of Canada's largest refiners, processors, distributors, and

marketers of sugar products, including granulated, cube, icing, liquid, yellow, and brown sugars. Its subsidiaries include Lantic Sugar Limited and Rogers Sugar Ltd.

Rogers currently pays a quarterly dividend of \$0.09 per share, representing \$0.36 per share on an annualized basis, and this gives its stock a very high yield of about 5.8% at today's levels. This yield is also very safe when you consider that its free cash flow totaled \$30.39 million and its dividend payments totaled just \$25.35 million in its nine-month period ended on July 2, resulting in a rock-solid 83.4% payout ratio.

Investors must also make the following two notes about Rogers's dividend.

First, it has maintained its current annual dividend rate since 2013.

Second, I think its increased amount of free cash flow, including its 5.5% year-over-year growth to \$30.39 million in the first nine months of fiscal 2016, and its reduced payout ratio, including 83.4% in the first nine months of fiscal 2016 compared with 88.2% in the same period in fiscal 2015, could allow it to announce a slight dividend hike in the near future.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
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3. TSX:RSI (Rogers Sugar Inc.)

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