BCE Inc. or Enbridge Inc.: Which Is Better for Your RRSP?

Description

Canadian investors are searching for top stocks to help them meet their retirement goals.

Let's take a look at **BCE Inc.** (TSX:BCE)(NYSE:BCE) and **Enbridge Inc.** (TSX:ENB)(NYSE:ENB) to see if one is a better RRSP pick.

BCE

BCE has changed significantly in recent years.

The company has gone from being a simple telephone company to a media and communications giant. Old-school investors in the stock were a bit nervous when BCE started buying sports teams, television assets, and radio stations, but the move appears to be a smart one.

Why?

Today, people communicate and consume content via multiple devices across a variety of platforms. By having its fingers in the pie all along the value chain, BCE ensures it gets a cut of as many interactions as possible.

In fact, every time a Canadian sends a text, checks e-mail, downloads a move, listens to the weather report, or watches the news, the odds are pretty good that BCE is involved somewhere along the line.

When you combine the media assets with the state-of-the-art mobile and wireline networks, you get a very powerful business.

BCE is expanding its reach across the country with a bid to buy **Manitoba Telecom Services**. The acquisition will provide a good base to launch an assault on **Telus** and **Shaw** in western Canada.

Dividend investors have relied on BCE for decades. The current payout yields 4.4%.

Enbridge

Enbridge is a pipeline giant that continues to grow despite the ongoing struggles in the energy sector.

The company has $26 billion in commercially secured capital projects under development and is adding tuck-in acquisitions when the right opportunities arise.

As the new projects are completed and the recently acquired assets are integrated into the portfolio, Enbridge should see revenue and cash flow increase enough to support annual dividend growth of at least 8% over the next three or four years.

Some pundits are concerned a prolonged oil rout will hurt demand for new infrastructure. If that turns out to be the case, Enbridge is large enough that it can grow through larger buyouts.

The company just filed a mixed shelf offering to sell new debt, common shares, and preferred shares for total proceeds of up to $7 billion. No specific use for the funds was identified, but management appears to be getting some powder ready for upcoming opportunities.

Enbridge pays a quarterly dividend that yields 4%.

Is one a better RRSP pick?

Both stocks are solid choices for any buy-and-hold RRSP investment.

If you only have the cash to buy one, I would go with Enbridge right now. The pipeline operator will probably deliver better dividend growth in the medium term, and the stock could catch a nice tailwind once the energy sector begins to recover.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:BCE (BCE Inc.)
4. TSX:ENB (Enbridge Inc.)

Category

1. Energy Stocks
2. Investing

Date
2025/09/22
Date Created
2016/08/24
Author
aswalker