



RRSP Investors: 2 Dividend-Growth Stocks to Consider Today

Description

Canadians are searching for dividend stocks to add to their RRSP portfolios.

Let's take a look at **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)) and **BCE Inc.** ([TSX:BCE](#))([NYSE:BCE](#)) to see why they might be attractive.

Enbridge

Enbridge is in the process of buying **Spectra Energy Inc.** for \$37 billion. The deal, which is expected to close this year, will create North America's largest energy infrastructure company.

The move doesn't come as a surprise, as the oil rout and public opposition to mega-pipelines are driving consolidation in the industry. Investors should view the takeover in a positive light.

Why?

The two companies have \$26 billion in commercially secured development projects. As these assets are completed, Enbridge expects cash flow to increase enough to support annual dividend growth of at least 10% per year through 2024.

The company just bumped the payout by 10%, and that was solely based on Enbridge's own growth outlook. Once the Spectra deal concludes, investor should see management raise the dividend by another 4-5%.

The current quarterly distribution of \$0.583 per share yields 4.2%.

BCE

BCE just reported solid Q4 2016 earnings.

The business continues to add new mobile, internet, and TV subscribers at a healthy clip, and investors should see slow but steady growth continue as the company rolls out its fibre-to-the-home program.

BCE is also putting the final touches on its acquisition of **Manitoba Telecom Services** (MTS). The deal is expected to close by the end of March and should set BCE up well for an expansion of its offerings into western Canada.

All of the communication companies are dealing with digital disruption, but BCE is so well entrenched in the Canadian market that it should be able to defend its leadership position for years to come.

The company is forecasting free cash flow growth of 3-7% this year and revenue growth of 1-2%. This doesn't include any potential gains from the MTS acquisition.

BCE just raised its quarterly dividend by 5% to \$0.7175 per share. That's good for a 4.9% yield.

Is one more attractive?

Both stocks should be solid buy-and-hold picks for an RRSP dividend portfolio.

If you only buy one, Enbridge probably offers stronger dividend growth over the medium term, so I would go with the pipeline giant as the first pick.

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