



2 Attractive Dividend-Growth Stocks for Your TFSA

Description

Canadian investors are searching for top dividend stocks to hold in their TFSA portfolios.

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

Enbridge

Enbridge recently closed its \$37 billion purchase of Spectra Energy.

The move creates North America's largest energy infrastructure company and positions Enbridge as a market leader in the ongoing consolidation of Canadian and U.S. gas and oil distribution networks.

Dividend investors should be all smiles as the business now has a near-term development portfolio worth \$27 billion. As these assets are completed and go into service, Enbridge expects cash flow to improve enough to justify distribution hikes of at least 10% per year through 2024.

In addition, the company has \$48 billion in long-term projects under development that should support growth beyond that time frame.

Enbridge is primarily known for its liquids and natural gas distribution assets, but the company also has a large and growing green-energy business. The most recent deal is a \$1.7 billion investment in a German wind park project located in the North Sea.

Enbridge has a long history of dividend growth. The current distribution provides a yield of 4.2%.

Fortis

Fortis owns natural gas distribution, electricity generation, and power transmission assets in Canada, the United States, and the Caribbean.

The company has made significant investments in the United States in recent years, including the US\$4.5 billion acquisition of UNS Energy in 2014 and last year's US\$11.3 billion takeover of ITC

Holdings Corp.

Organic developments are also driving revenue growth, including the now-completed expansion of the Waneta hydro-electric project in British Columbia.

As a result, Fortis expects to see cash flow improve enough to sustain annual dividend growth of at least 6% through 2021.

Management has raised the payout every year for more than four decades, so investors should be comfortable with the guidance. The quarterly distribution of \$0.40 per share provides a yield of 3.8%.

Is one more attractive?

Both companies are proven winners and should be solid buy-and-hold picks for a TFSA portfolio.

Enbridge probably offers better dividend growth over the medium term, and investors should see the stock price drift higher as the oil industry recovers.

As such, I would make the pipeline giant the first pick today.

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2. Investing

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2. NYSE:FTS (Fortis Inc.)
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Date

2025/09/22

Date Created

2017/03/06

Author

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