



2 Dividend-Growth Stocks to Build Wealth in Your RRSP

Description

Canadians are searching for top dividend-growth stocks to hold in their RRSP portfolios.

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

Fortis

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

The company has a strong track record of driving growth through a combination of organic development and strategic acquisitions.

In recent years, the largest investments have been in the United States, with the 2014 purchase of UNS Energy for US\$4.5 billion, and last year's US\$11.3 billion acquisition of ITC Holdings Corp., which is based in Michigan.

Fortis says the integration of these assets is driving cash flow growth that should support annual dividend hikes of at least 6% through 2021.

Fortis has raised the payout every year for more than four decades, so investors should feel comfortable with the guidance.

The current distribution provides a yield of 3.6%.

Long-term investors have done well with this stock. A \$10,000 investment in Fortis 20 years ago would be worth \$190,000 today with the dividends reinvested.

Enbridge

Enbridge has also been on a buying spree.

The company recently closed its \$37 billion acquisition of Spectra Energy in a deal that creates North America's largest energy infrastructure firm.

Spectra brings important strategic natural gas assets to complement Enbridge's heavy focus on liquids pipelines, and adds additional commercially secured projects to help drive revenue growth.

In fact, Enbridge now has about \$26 billion in near-term developments plus an additional \$48 billion in longer-term projects.

As the new assets are completed and go into service, Enbridge expects to see cash flow increase enough to support annual dividend growth of at least 10% through 2024.

The current payout yields 4.1%.

Returns?

A \$10,000 investment in Enbridge 20 years ago would be worth about \$310,000 today with the dividends reinvested.

Is one a better bet?

Both stocks are proven buy-and-hold winners for an RRSP account.

If you only buy one, I would probably make Enbridge the first pick due to the higher yield and stronger dividend-growth outlook over the medium term.

CATEGORY

1. Dividend Stocks

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2. NYSE:FTS (Fortis Inc.)
3. TSX:ENB (Enbridge Inc.)
4. TSX:FTS (Fortis Inc.)

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Date

2025/09/22

Date Created

2017/04/27

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