



## TFSA Investors: 2 Top Dividend-Growth Stocks Yielding 4-7%

### Description

Canadian dividend investors are searching for top stocks to hold in their Tax-Free Savings Accounts (TFSAs).

Some people want income, while others plan to harness the power of compounding and reinvest distributions in new shares. Regardless of the objective, a good way to boost returns is to own reliable dividend-growth stocks.

Let's take a look at **TransCanada Corporation** ([TSX:TRP](#))([NYSE:TRP](#)) and **Altagas Ltd.** ([TSX:ALA](#)) to see why they might be interesting picks.

### TransCanada

TransCanada took a hit in 2015 as energy prices plunged and President Obama rejected the Keystone XL pipeline.

The sell-off got out of hand, and contrarian types who picked up the stock up at the lows are now sitting on some nice gains.

Why?

Oil has recovered, and Keystone is back in play under the Trump administration. In addition, TransCanada is getting a nice boost from its 2016 purchase of Columbia Pipeline Group.

Near-term projects now total \$23 billion, and TransCanada's longer-term developments are worth about \$45 billion.

As new assets are completed and go into service, TransCanada expects to see cash flow grow enough to support dividend hikes of at least 8% per year through 2020.

The current distribution yields 4%.

## Altagas

Altagas is also an energy infrastructure company with assets located in Canada and the United States.

Management recently took a big step to expand the U.S. presence with a plan to acquire Washington D.C.-based **WGL Holdings** for \$8.4 billion.

The deal is set to close in 2018 and will provide a nice boost to cash flow. As a result, the dividend should continue to rise in the coming years.

In addition, Altagas has a number of organic developments on the go in Canada, including a propane export terminal near Prince Rupert, British Columbia, and a natural gas storage facility in Nova Scotia.

The stock pulled back on the WGL news and remains close to the 12-month lows.

Investors who buy today can pick up a yield of 6.9%.

### Is one a better bet?

Both stocks offer attractive dividend-growth prospects.

At this point, I would probably make Altagas the first pick. The stock looks somewhat oversold and dividend growth in the near term should be similar to TransCanada's.

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1. Dividend Stocks
2. Investing

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