Dividend Investors: 2 Reliable Canadian Stocks for Your RRSP portfolio

Description

Canadians are searching for top dividend stocks to put in their self-directed RRSP accounts. The strategy makes sense, especially if you harness the power of compounding by using the distributions to buy new shares.

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 interesting picks.

Fortis

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

Growth has come through organic developments and strategic acquisitions, and that trend continues.

The company recently purchased a two-thirds interest in the Waneta dam in British Columbia and has made two large acquisitions in the U.S. in the past few years, including the 2016 purchase of ITC Holdings for US$11.3 billion.

Fortis gets more than 90% of its revenue from regulated businesses, which means cash flow should be predictable and reliable.

Management plans to raise the dividend by at least 6% per year through 2021. Fortis has increased the payout every year for more than four decades, so investors should be comfortable with the guidance.

The current payout provides a yield of 3.6%.

Fortis is an attractive choice for investors who want a low-beta stock that tends to hold up well when the broader market hits a rough patch.

Enbridge

Enbridge recently closed its $37 billion purchase of Spectra Energy in a deal that creates an energy infrastructure giant with liquids pipelines, gas pipelines, gas utilities, and renewable energy assets.

The project backlog of $27 billion in near-term developments should provide strong support for dividend growth in the coming years.

In fact, Enbridge believes the additional cash flow generated by the new assets will allow the company to raise the dividend by at least 10% per year through 2024.

The current distribution provides a yield of 4.7%.

Enbridge isn’t an oil producer; it simply moves the product from the supplier to the end customer, but the stock still moves up and down according to the mood of energy investors.

Is one a better bet?

Fortis is less susceptible to big shifts in the energy markets, so it might be more attractive for investors who think oil prices are going to remain weak or even retest the 2016 lows.

If you can handle a bit of volatility and think oil is headed higher, Enbridge might be the way to go. The company already offers an above-average yield and has a solid dividend-growth plan that should be obtainable.

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Date
2025/09/22
Date Created
2017/06/13
Author
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