



## Retirees: Should You Buy BCE Inc. or Enbridge Inc. Today?

### Description

Canadian income investors are searching for reliable dividend stocks to add to their portfolios.

Let's take a look at **BCE Inc.** ([TSX:BCE](#))([NYSE:BCE](#)) and **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)) to see if one is an attractive pick right now.

#### BCE

BCE recently closed its \$3.9 billion acquisition of Manitoba Telecom Services in a deal that moves BCE into top spot in the Manitoban market and positions the company well to expand its presence in the western provinces.

The purchase is the latest in the consolidation of the Canadian communications sector. In 2014, BCE shelled out close to \$4 billion to buy out the remaining part of Bell Aliant it didn't already own.

In addition, BCE has spent the past decade building up a media business that now includes a television network, specialty channels, sports teams, radio stations, and an advertising division.

These assets, when combined with the state-of-the-art wireless and wireline network infrastructure, create a powerful business that has the capability to interact with most Canadians on a daily basis.

In fact, any time a person in this country sends a text, checks e-mail, streams a movie, listens to the weather report, or watches the news, the odds are pretty good that BCE is involved somewhere along the line.

The company generates significant free cash flow to support the above-average dividend, so the payout should be very safe.

At the current stock price, investors can pick up a yield of 4.9%.

#### Enbridge

Enbridge has also been on the acquisition trail with its recent purchase of Spectra Energy. The deal

added strategic natural gas assets to complement Enbridge's heavy focus on liquids pipelines and renewable energy investments.

Spectra also brought additional growth projects that bumped Enbridge's near-term development portfolio to \$27 billion.

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

The great thing about most of Enbridge's assets is the fact that once the infrastructure is complete, it pretty much serves as a tollbooth for decades.

Enbridge's current dividend provides a yield of 4.7%.

### **Is one more attractive?**

Both stocks should be solid long-term holdings for an income portfolio.

If you only choose one, I would make Enbridge the first pick today, as it probably offers better dividend growth over the medium term.

### **CATEGORY**

1. Dividend Stocks
2. Energy Stocks
3. Investing

### **TICKERS GLOBAL**

1. NYSE:BCE (BCE Inc.)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:BCE (BCE Inc.)
4. TSX:ENB (Enbridge Inc.)

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