



## RRSP Investors: 2 Canadian Dividend Stocks to Buy Now and Hold for Decades

### Description

Canadians are searching for reliable dividend stocks to buy and hold inside their self-directed RRSP accounts.

Let's take a look at **Canadian National Railway Company** ([TSX:CNR](#))([NYSE:CNI](#)) and **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)) to see why they might be interesting picks.

#### CN

CN is the only rail operator in North America that can provide its customers with access to three coasts.

That's an important competitive advantage, and it will likely continue for years.

Why?

The odds of new rail lines being built along the same routes are pretty slim, and merger attempts in the rail sector tend to run into regulatory roadblocks.

CN still has to compete with trucking companies and other rail operators along some routes, so management works hard to ensure the company is running as efficiently as possible.

In fact, CN is often cited as the best-run company in the industry, and it regularly reports a sector-leading operating ratio.

CN is a very profitable company and does a good job of sharing the spoils with investors through dividends and share buybacks.

The dividend yield is just 1.6%, but CN's compound annual dividend growth rate is about 16% over the past decade.

Long-term holders of the stock have done very well. A \$10,000 investment in CN 20 years ago would be worth about \$248,000 today with the dividends reinvested.

## Enbridge

Enbridge isn't an oil or gas producer; it simply transports the commodities from the point of production to the end user and charges a fee for the service.

Building the infrastructure isn't cheap, but once the pipelines are in place, they essentially operate as tollbooths for decades.

Enbridge acquired Spectra Energy for \$37 billion earlier this year in a deal that created North America's largest energy infrastructure company. Spectra added strategic gas assets and helped boost the commercially secured development portfolio to about \$27 billion.

As the new assets are completed and go into service, Enbridge expects to raise its dividend by at least 10% per year through 2024.

The distribution currently yields 4.7%.

A \$10,000 investment in Enbridge 20 years ago would be worth about \$160,000 today with the dividends reinvested.

### Is one a better bet?

Both stocks should be strong buy-and-hold picks for an RRSP portfolio. At this point, I would probably split a new investment between the two names.

## CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:CNR (Canadian National Railway Company)
4. TSX:ENB (Enbridge Inc.)

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## Date

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2025/08/24

**Date Created**

2017/07/20

**Author**

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