



2 Canadian Dividend-Growth Picks to Buy Today and Forget for a Decade

Description

Canadian dividend investors are searching for quality stocks to hold inside their RRSP or TFSA portfolios.

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

TransCanada

TransCanada bought Columbia Pipeline Group last year in a US\$13 billion deal that added important assets in the growing Marcellus and Utica shale plays as well as important gas pipeline infrastructure running from Appalachia to the Gulf Coast.

The acquisition also increased TransCanada's near-term development portfolio to \$23 billion.

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

The company is also seeing some movement on the Keystone XL project.

President Obama rejected the pipeline in 2015, but it is back on the table under the Trump administration. If Keystone gets built, TransCanada's investors could see an upward revision to the dividend-growth guidance.

The stock currently provides a yield of 3.9%.

Fortis

Fortis also went on the acquisition trail last year with its US\$11.3 billion purchase of Michigan-based transmission company ITC Holdings.

The deal came on the heels of the 2014 takeover of Arizona-based UNS Energy for US\$4.5 billion.

A large part of the growth has been focused on the United States in recent years, but Fortis is also finding opportunities in Canada, including the latest deal that will see the company take a two-thirds stake in the Waneta dam in British Columbia.

Management says cash flow should grow enough to support annual dividend increases 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 distribution currently provides an annualized yield of 3.6%.

Is one more attractive?

Both stocks should be solid picks for any buy-and-hold RRSP or TFSA portfolio.

Fortis is probably the better choice for more conservative investors, while TransCanada might be the way to go if you can handle a bit more volatility.

The pipeline giant should provide stronger dividend growth over the medium term, especially if Keystone XL and other mega-projects get the final green light.

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