2 Top Canadian Dividend Stocks to Help Boost Your RRSP Savings

Description

Canadian investors are searching for reliable companies to add to their self-directed RRSP portfolios.

Let’s take a look at **Fortis Inc.** (TSX:FTS)(NYSE:FTS) and **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) to see why they might be interesting picks.

Fortis

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

The company has grown significantly in recent years through large acquisitions in the United States.

In 2014, Fortis bought Arizona-based UNS Energy for US$4.45 billion. Last year, Fortis acquired Michigan-based ITC Holdings for US$11.3 billion.

Both purchases are delivering solid contributions to earnings. Fortis reported Q2 2017 adjusted net income of $0.61 per share compared to $0.45 per share in the same period last year. Cash flow from operating activities rose 28% in the first half of the year compared to the first six months of 2016.

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 feel comfortable with the guidance.

At the time of writing, the dividend provides a yield of 3.5%.

TD

TD is widely viewed as Canada’s safest bank.

This is important in the current environment, as investors wonder if a pullback in the housing market could have a negative impact on the sector.

TD’s mortgage portfolio is large, but insured loans represent 47% of the mortgages, and the loan-to-value ratio on the rest is 49%. As a result, house prices would have to fall significantly before the bank takes a material hit.

TD gets most of its income from bread-and-butter retail banking operations, which tend to be more stable than other areas, such as capital markets.

The bank has invested heavily in building its U.S. presence over the past decade, and the American retail operations now contribute more than 30% of earnings, providing a nice hedge against any economic upheaval in the Canadian market.

TD's annualized dividend-growth rate for the past two decades is 11%, and investors should see steady payout increases continue in the coming years.

The dividend yield is 3.8%.

Is one more attractive?

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

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1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

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2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:FTS (Fortis Inc.)
4. TSX:TD (The Toronto-Dominion Bank)

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Date
2025/08/24
Date Created
2017/08/10

Author
aswalker