2 Top Canadian Dividend Stocks to Buy Now and Own for Decades

Description

Canadian investors are searching for quality dividend stocks they can hold in their TFSA or RRSP portfolios for years.

The strategy makes sense, especially when the distributions are invested in new shares.

Let's take a look at **Suncor Energy Inc.** (TSX:SU)(NYSE:SU) and **Fortis Inc.** (TSX:FTS)(NYSE:FTS) to see why they might be interesting picks.

Suncor

Suncor is Canada's largest integrated energy firm.

Most people think of the company as an oil sands producer, but Suncor also owns refineries and more than 1,500 Petro-Canada service stations. These diversified business lines are the reason Suncor's stock has held up so well through the oil rout.

Tough times produce opportunities, and Suncor has taken advantage of its strong balance sheet to add strategic assets at attractive prices. Once the oil market recovers, those investments should generate strong returns.

In the near term, the company is completing two major development projects that should begin to generate additional cash flow in the coming months. The Fort Hills oil sands facility is expected to begin commercial production by the end of the year, as is the company's Hebron offshore platform.

The recent uptick in the oil market is bringing some money back into the sector. If you are an oil bull, it might be worthwhile to pick up Suncor while energy stocks are still out of favour.

Suncor's has continued to increase the dividend through the downturn. At the time of writing, the payout yields 3%.

Fortis

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

The company has grown over the years through strategic acquisitions, with most of the recent focus being on the United States.

In 2014, Fortis spent US$4.5 billion to buy Arizona-based UNS Energy. Last year, the company spent US$11.3 billion to purchase Michigan-based ITC Holdings.

The integration of the new assets went well, and Fortis expects cash flow improvements to support annual dividend growth 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 stock provides a yield of 3.6%.

Is one more attractive?

Both companies pay dividends that should be safe.

Suncor probably carries more risk, but it likely provides better upside potential, especially if oil prices recover in a meaningful way. Fortis is the more stable pick and should continue to deliver steady dividend growth for years to come.

At this point, I would probably split a new investment between the two names.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:FTS (Fortis Inc.)
4. TSX:SU (Suncor Energy Inc.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks
2. Energy Stocks
3. Investing

Tags

1. Editor's Choice

Date
2025/08/07

Date Created
2017/09/28
Author
aswalker