



## Should Enbridge Inc. or Royal Bank of Canada Be in Your TFSA?

### Description

Canadians are searching for top dividend stocks to add to their TFSA portfolios.

The strategy makes sense, especially when dividends are invested in new shares to harness the power of compounding.

Let's take a look at **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)) and **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) to see if one deserves to be in your TFSA.

### Enbridge

Enbridge closed its \$37 billion purchase of Spectra Energy this year in a deal that created North America's largest energy infrastructure company.

The move wasn't a surprise, given the consolidation momentum in the sector and the growing resistance to big pipeline projects.

Spectra brought important gas assets to complement Enbridge's strong liquids pipeline operations. It also provided a nice boost to the near-term capital plan, which currently stands at close to \$31 billion.

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

The existing dividend provides a yield of 4.9%, so investors are looking at some solid returns in the medium term.

### Royal Bank

Royal Bank generated close to \$2.8 billion in profits for fiscal Q3 2017. That's some serious cash for three months of work.

The company is a giant in the Canadian financial sector with strong operations covering retail and commercial banking, capital markets, and wealth management activities.

A US\$5 billion acquisition in the United States in late 2015 provided Royal Bank with a strong base to expand its private and commercial presence south of the border. In the coming years, investors could see Royal Bank make additional moves in the American market.

The company recently raised its dividend by 5% and investors should see steady dividend growth continue in the coming years.

The new payout provides a yield of 3.6%.

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

Both companies are industry leaders with reliable dividends that should continue to grow.

If you only choose one, I would probably make Enbridge the first pick today. The stock is down amid the broader negative sentiment in the energy sector, and the pullback might be overdone.

Royal Bank is a great company, but the stock has enjoyed a huge rally in the past month, and it might be due to take a break.

### **CATEGORY**

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing

### **TICKERS GLOBAL**

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:RY (Royal Bank of Canada)
3. TSX:ENB (Enbridge Inc.)
4. TSX:RY (Royal Bank of Canada)

### **PARTNER-FEEDS**

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