



RRSP Alert: 2 Top Canadian Dividend Stocks to Own for Decades

Description

Canadian savers are searching for reliable [dividend stocks](#) to add to their RRSP portfolios.

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 company in North America that owns lines connecting three coasts. This is an important [strategic advantage](#) that probably won't change anytime soon.

Why?

Merger attempts in the rail industry tend to run into regulatory roadblocks, and the odds of new tracks being built along the same routes are pretty slim.

CN still has to compete with trucking firms and other railways on some routes, so management works hard to ensure the company is as efficient as possible. In fact, CN regularly reports an industry-leading operating ratio.

The business generates significant free cash flow, and CN is generous when it comes to sharing the profits with investors. The company has a strong track record of share buybacks and boasts a compound annual dividend-growth rate of about 16% over the past 20 years.

Long-term investors have done well with this stock. A \$10,000 investment in CN two decades ago would be worth more than \$200,000 today with the dividends reinvested.

Enbridge

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

Spectra added strategic gas assets and provided a nice boost to the capital plan. Enbridge has about

\$31 billion in near-term developments on the go, of which about \$22 billion should be completed by the end of 2020.

As the new assets go into service, Enbridge expects cash flow to increase enough to support annual dividend growth of 10%. The company just raised the distribution by 10% for 2018, and this follows a total increase of 15% this year.

Management has identified \$10 billion in non-core assets that will be sold in the coming years, with \$3 billion expected to go on the block in 2018. The proceeds of the asset sales will be used to reduce debt and strengthen the balance sheet.

At the time of writing, Enbridge provides a yield of 5.5%.

Returns?

A \$10,000 investment in Enbridge 20 years ago would be worth more than \$100,000 today with the dividends reinvested.

Is one more attractive?

Both stocks should continue to be solid buy-and-hold dividend-growth picks for RRSP investors.

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

CATEGORY

1. Dividend Stocks
2. Energy Stocks
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TICKERS GLOBAL

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

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