Bargain Hunters: 2 Dividend Growth Stocks to Buy Right Now

Description

The market pullback is giving Canadian savers an opportunity to buy some of the country's top dividend growth stocks at very reasonable prices.

This is particularly attractive for buy-and-hold investors who are looking to beef up their RRSP or TFSA portfolios and generally invest distributions in new shares.

Let's take a look at **Fortis Inc.** (TSX:FTS)(NYSE:FTS) and **Canadian National Railway Company** (TSX:CNR)(NYSE:CNI) to see why they might be interesting picks.

Fortis

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

The company gets the majority of its revenue from regulated assets, so cash flows should be reliable and predictable.

Two big takeovers in the United States in recent years are performing well, and Fortis plans to raise its dividend by at least 6% per year through 2022. The company has increased the payout annually for more than four decades, so investors should feel comfortable with the guidance.

The stock has pulled back from $48 in November to $41 per share, providing investors with a dividend yield of 4.1%.

Global financial volatility shouldn't have much impact on the operations of this company. People need to heat their homes, cook their food, and turn on the lights regardless of the disruptions in the broader financial markets.

CN

CN doesn't go on sale very often, so investors might be looking at one of those rare opportunities to pick up the stock on a dip.

CN's share price is down to $96. Investors were paying close to $105 a month ago.

The company recently reported solid numbers for Q4 2017, bumping up the dividend by 10%.

Investors might look at the 2% yield and quickly move on to another company, but based on CN's track record over the past two decades, that would be a mistake.

A $10,000 investment in CN just 20 years ago would be worth more than $200,000 today with the dividends reinvested.

CN is the only rail operator in North America with lines connecting three coasts. This is an important advantage that is unlikely to change. The odds of new lines being built along the same routes are pretty slim, and attempts to merge rail companies tend to hit regulatory roadblocks.

If you are looking for a buy-and-forget pick for your TFSA or RRSP, CN should be on your radar.

The bottom line

Market pullbacks have historically proven to be great opportunities to buy top-quality companies at reasonable prices. This could be one of those moments.

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