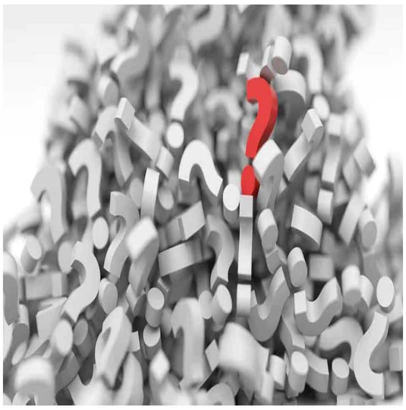

Is BCE Inc. or Fortis Inc. a Better RRSP Pick Today?

Description

Canadian investors are searching for top stocks to add to their RRSP portfolios.

Let's take a look at **BCE Inc.** (TSX:BCE)(NYSE:BCE) and **Fortis Inc.** (TSX:FTS)(NYSE:FTS) to see if one deserves to be on your buy list right now.

BCE

BCE is a giant in the Canadian communications industry, providing telecom, Internet, and TV services across the country. The company has also built an impressive media group that includes a television network, specialty channels, radio stations, sports teams, and an advertising business. In addition, BCE owns or has partnership positions in retail stores.

When you combine the media assets with state-of-the art telecom network infrastructure, you get a company with the capability to interact with most Canadians on a weekly, if not a daily basis.

That's a powerful business.

The stock is down in recent months amid the broader selloff in go-to dividend names amid fears that rising interest rates could trigger a major outflow of funds to fixed-income alternatives. Some money will certainly move, but the market reaction looks a bit overdone.

BCE generates healthy free cash flow to support the generous dividend and is large enough to raise prices whenever it needs extra funds. The company made two acquisitions and launched a new mobile business in the past year. The purchase of both Manitoba Telecom Services and AlarmForce should boost revenue in 2018 and beyond, and the launch of Lucky Mobile gives BCE a low-cost prepaid mobile offering.

At the time of writing, the stock is down to $55 from $63 in November. Investors who buy today can pick up a 5.5% yield.

Fortis

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

The company has grown through strategic acquisitions and organic development over the years, with most of the recent activity occurring in the U.S., including the US$11.3 billion purchase of ITC Holdings in 2016 and the US$4.5 billion takeover of Arizona-based UNS Energy in 2014. Those assets are performing as planned, and Fortis also has $14.5 billion in capital projects lined up over the next five years.

As a result, management expects cash flow to improve enough to support annual dividend growth of at least 6% through 2022. Fortis has raised the distribution every year for more than four decades, so investors should feel comfortable with this guidance.

The current payout provides a 3.9% yield.

Is one more attractive?

Both companies should be solid buy-and-hold picks for a dividend-focused RRSP. If you only buy one, I would probably make BCE the first choice today. The pullback in the stock might be overdone and investors can collect a rock-solid 5.5% yield.

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2. NYSE:FTS (Fortis Inc.)
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