



## 2 Attractive Canadian Stocks Whose Dividends Could Double

### Description

Canada's top banks and energy infrastructure companies have been a great source of income for retirees and savers. Their strong balance sheets, diversified revenue models, and their ability to produce superior cash flows make them attractive stocks for long-term investors.

Let's have a look **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) and **TransCanada Corporation** ([TSX:TRP](#))([NYSE:TRP](#)) to see which of these dividend stocks has the potential to grow the payout quickly.

#### TD Bank

To earn a steady income stream, [TD Bank](#) is a great dividend-growth stock to consider. TD is among the top five Canadian lenders that dominate the domestic banking market and have provided consistent returns to its investors.

After an 11% increase in its payout this year, income investors in TD stock now earn a \$0.67-a-share quarterly dividend, which translates into a 3.5% yield on yearly basis.

The bank is likely to grow its dividend payout between 7% and 10% each year going forward, as it benefits from diversified business operations thanks to its aggressive growth in the U.S. The bank now runs more branches in the U.S. than in Canada, making it one of the top 10 lenders in the U.S.

In the second-quarter earnings report, TD showed how consistent it has been in exceeding expectations. The bank's earnings per share, excluding one-off items, rose to \$1.62 in the quarter to March 31 compared with \$1.34 a year ago. Analysts had, on average, forecast earnings per share of \$1.50.

In the quarter that banks struggled to sell their mortgage products after the new stringent requirements kicked in for borrowers, TD was still able to show a strong performance in its Canadian business, helped by a 17% jump in net income from its retail operations.

Trading at \$76.35 at the time of writing, TD stock looks fairly valued after a strong post-earnings rally this month. Still, TD could prove a solid addition to your portfolio, as it has a lot of room to continue with its policy of returning more cash to investors.

## TransCanada

Among the energy infrastructure providers in Canada, Calgary-based [TransCanada](#) is one of my favourite stocks. The company's long history of paying dividends and its diversified energy assets make it an attractive addition to any income portfolio. TransCanada has raised its dividend for 17 consecutive years.

The company runs a network of pipelines that ship natural gas and liquids. It also produces power and manages gas-storage facilities. Last year, TransCanada overcame a major hurdle in the construction of a major pipeline project, Keystone XL, after the Trump administration approved the project.

This project is part of the company's \$48 billion in medium- to long-term projects. In the short to medium term, TransCanada has about \$23 billion worth of projects that it aims to complete by the end of the decade. These projects are likely to fuel 8-10% dividend-growth in TransCanada's \$2.76-a-share annual dividend until 2020, according to the company's projections.

After almost 12% pullback in its share value this year, TransCanada stock now yields more than 5%, making it an attractive pick for long-term investors.

## The bottom line

Buying dividend-growth stocks, such TD and TransCanada is a slow but steady way of doubling your income. TD, for example, has provided more than 131% in total returns during the past decade. If you're in it for the long haul, investing in these stocks is a good approach to potentially double your income.

## CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing
5. Stocks for Beginners

## TICKERS GLOBAL

1. NYSE:TD (The Toronto-Dominion Bank)
2. NYSE:TRP (Tc Energy)
3. TSX:TD (The Toronto-Dominion Bank)
4. TSX:TRP (TC Energy Corporation)

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### Date

2025/07/04

### Date Created

2018/05/28

### Author

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