



## 2 Top Canadian Dividend Stocks for a Self-Directed Retirement Fund

### Description

Investing in companies with strong track records of dividend growth is a popular strategy for building a [retirement savings](#) portfolio.

Let's take a look at two companies that might be interesting picks today.

#### **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#))

Bank of Montreal has paid a dividend every year since 1827. The company often gets overlooked by investors who tend to focus on the three larger Canadian banks, but that might begin to change.

Bank of Montreal's exposure to the Canadian housing market is lower than that of its peers. In the event that rising interest rates trigger a major drop in house prices, Bank of Montreal should feel less pain. At the same time, the company should still benefit from the improved net interest margins that typically come with higher rates.

Bank of Montreal's U.S. operations are also important to consider when looking for a financial stock to add to the portfolio. The company operates more than 500 branches in the United States, primarily located in the Midwest. A rising U.S. dollar against the loonie can result in a nice boost to earnings, and the diversification provides a hedge against any potential downturn in the Canadian economy.

The current dividend provides a [yield](#) of 3.7%.

#### **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#))

Enbridge announced a strategy shift last year that will see the company focus on its regulated businesses. The move likely came in response to market concerns that the company was carrying too much debt after the \$37 billion purchase of Spectra Energy. Enbridge's stock has been under pressure for some time, falling from a high of \$65 in 2015 to the 2018 low near \$38, but it looks like a recovery is now underway.

Management is selling its non-core businesses to shore up the balance sheet. As of the Q2 2018

report, the company had already found buyers for \$7.5 billion of the \$10 billion Enbridge plans to monetize. That's well ahead of the schedule, so things are moving along in a positive way. Once the asset sales are complete, investors could see additional strategic acquisitions that fit the new long-term objectives to drive growth in the regulated asset segment.

In the meantime, Enbridge continues to work on a \$22 billion near-term capital program that should provide strong cash flow through 2020 and support ongoing dividend hikes. At the time of writing, the stock trades for \$46 per share and provides a yield of 5.8%.

### **The bottom line**

Bank of Montreal and Enbridge should be solid buy-and-hold picks for a dividend-focused TFSA retirement portfolio.

### **CATEGORY**

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

### **TICKERS GLOBAL**

1. NYSE:BMO (Bank of Montreal)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:BMO (Bank Of Montreal)
4. TSX:ENB (Enbridge Inc.)

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