RRSP Investors: Invest in the Future and Grow Your Wealth With These 2 Dividend Stocks

Description

Dividend stocks that have a good long-term growth profile play a key role in any RRSP portfolio.

And renewable stocks offer both of these functions, paying healthy, reliable dividends while offering long-term growth potential through investment and acquisitions.

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TransAlta Renewables Inc. (TSX:RNW) is a strong renewables energy provider with a dividend yield of 8.9%.

Since its IPO in 2013, the company has grown its dividends at a 6% compound annual growth rate, and it continues to provide one of the highest dividend yields in the renewables sector.

Its diversified portfolio consists of wind, natural gas, hydro power facilities, with wind power accounting for 49% of the company's cash flow.

With 18 wind facilities across Canada and the U.S., TransAlta Renewables is Canada's largest wind power generator.

And with a dividend yield of 8.9%, the company offers investors a high yield that is supported by quality assets that are fully contracted with an average term of 15 years.

Going forward, the company will continue to see growth and support from its strategic relationship with **TransAlta Corp**. (TSX:TA)(NYSE:TAC), which owns 61% of TransAlta and lends its evaluation, identification and execution expertise to TransAlta Renewables.

As such, the company has good access to growth capital and will see more drop-down transactions and third-party acquisitions from TA, which should support dividend growth well into the future.

The second quarter of 2018 saw the company report a 19% increase in cash available for distributions and issue shares at a price of $12.65 per share in order to repay some of its credit facility, which was drawn in order to fund two wind acquisitions and one solar acquisition.

Northland Power Inc. (TSX:NPI) is a strong renewables energy provider with a dividend yield of 5.9%.

This independent power producer is dedicated to developing, building, owning and operating facilities in Canada and internationally.

A lower-than-expected second quarter report this summer worked to drive Northland stock lower, and it is now trading almost 20% lower than this summer.

That's a significant fall.

A few things are especially worth a mention here that indicate why this is a great opportunity.

First, guidance was left unchanged, and 2018 free cash flow per share is still expected to be between $1.70 and $2.00.

Second, Northland's management owns approximately 35% of shares outstanding, so management's interests are aligned with shareholders.

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Third, 98% of the company's revenues are from long-term power contracts, so there is good stability in the company's financial results.

For RRSP investors looking for a dividend stock, Northland stock currently has an attractive dividend yield of 5.9% and is an attractive renewables stock for investors to gain access to this growing industry.

As for growth going forward, Northland is looking to Taiwan, which plans to invest heavily in offshore wind fixed term contracts.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. NYSE:TAC (TransAlta Corporation)
2. TSX:NPI (Northland Power Inc.)
3. TSX:RNW (TransAlta Renewables)
4. TSX:TA (TransAlta Corporation)

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