



Top Up Your RRSP Portfolio With This Dividend-Growth Stock

Description

As we close out 2018 and head into the new year, it's time for investors to think about topping up their Registered Retirement Savings Plan (RRSP) contributions. By contributing to your RRSP, you can lower your taxable income by the amount invested. The end result is either lower taxes owed or a higher return.

Any contribution made throughout this past calendar year and in the first 60 days of 2019 are eligible to be claimed against your 2018 taxes. With that in mind, investors should consider **Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)) for their retirement portfolios.

Top energy stock

For starters, Pembina is the best-performing pipeline in Canada. It's not even close. The energy sector has been under significant pressure with the TSX Energy Index losing approximately 27% of its value in 2018. Pembina has held up much better than its peers, losing only 6.31% of its value. In comparison, **Enbridge**, **Inter Pipeline**, and **TransCanada** have lost 17.27%, 23.70% and 15.54%.

In fact, if you go back two years and five years, Pembina has out performed this group by more than double on a regular basis. There is [no better energy stock](#) for your RRSP than one that is safe, reliable, and has a consistent track record of outperformance.

Top growth stock

The best part about Pembina is that it has a strong pipeline (pun intended) of growth projects. Over the next few weeks, the company is expected to put into commission more than \$750 million worth of new projects. On top of this, the company expects to spend about \$1.6 billion in capital expenditures in 2019.

In 2019, the company is forecasting earnings before interest, taxes, depreciation, and amortization (EBITDA) to grow by approximately 4% at the mid-range of guidance. Analysts are expecting revenue

growth in line with this guidance and earnings per share to jump by 22% in 2019. They are also extremely bullish on the stock as 17 of the 18 analysts covering the company rate it a “buy.” The average one-year price target is \$72.52, which implies 68% upside!

Top dividend-growth stock

Pembina Pipeline has a reliable history of dividend growth and is a Canadian Dividend Aristocrat. Aristocrats are companies that have a stable and reliable history of raising dividends for, at minimum, five consecutive years. Pembina had a seven-year growth streak and last raised its dividend by approximately 6% this past May.

Given the company’s growth profile and its reasonable payout ratio (80%), it is well positioned to keep its [dividend-growth streak alive](#). What can investors expect? At minimum, the dividend should grow in line with the company’s EBITDA, which will be approximately 4% in 2019. Combined with a yield north of 5%, Pembina is a very attractive income play.

Foolish takeaway

Pembina is the perfect energy stock for your retirement portfolio. It has consistently outperformed its peers, has an impressive backlog of projects, and a growing dividend.

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1. Dividend Stocks
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mlitalien

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