

## RRSP Investors: Time to Buy Fortis Inc. (TSX:FTS) or Toronto-Dominion Bank (TSX:TD) Stock?

### Description

Canadian savers are searching for top Canadian stocks to add to their self-directed [RRSP](#) holdings for 2019.

Let's take a look at **Fortis** ([TSX:FTS](#)) ([NYSE:FTS](#)) and **Toronto Dominion Bank** ([TSX:TD](#)) ([NYSE:TD](#)) to see if one deserves to be in your RRSP portfolio right now.

### Fortis

Fortis has grown its U.S. presence significantly in recent years, adding strategic natural gas distribution and electric transmission businesses through more than US\$15 billion in acquisitions. The takeovers of UNS Energy and ITC Holdings made Fortis a major player in the North American utility sector, and the company now operates \$50 billion in assets.

Further acquisitions could be on the way, but the company's current focus is on the execution of its \$17.3 billion capital program. Over the next five years, Fortis expects to boost its rate base from \$26 billion to \$35 billion, which provide adequate cash flow growth to support annual dividend increases of 6% over that time frame.

Fortis has raised the payout for 45 consecutive years, so investors should feel comfortable with the outlook.

The current distribution provides a [yield](#) of 3.9%.

Long-term investors have done well with the stock. A \$10,000 investment in Fortis 20 years ago would be worth more than \$100,000 today with the dividends reinvested.

The stock is off the December low, but still appears attractive.

### TD

TD had a strong fiscal 2018, and the trend is expected to continue this year.

The bank generated adjusted net income of \$12.18 billion for the year, representing a 15% increase over 2017. Canadian retail earnings rose 10%, while the U.S. operations saw earnings jump 30% on an adjusted basis.

The American business has grown significantly and now accounts for more than 30% of profits. TD actually has more branches open south of the border than it does in Canada.

The company repurchased 20 million shares last year and intends to match that in 2019. TD has raised the dividend by a compound annual rate of better than 10% over the past 20 year. The company hiked

the payout by 11% last year and investors should see a healthy increase in 2019.

The distribution currently provides a yield of 3.7%.

Management anticipates earnings will continue to grow at 7-10% per year. The Canadian and U.S. economies remain strong, and fears about a meltdown in Canada's housing market appear overblown.

The stock has recovered from the 2018 low near \$68 to \$73 per share, but still appears oversold. At this price, TD trades at just 10.4 times estimated forward earnings.

### **Is one more attractive?**

Fortis and TD should both be solid buy-and-hold picks for a self-directed RRSP portfolio. If you only buy one, I would probably go with TD today.

### **CATEGORY**

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

### **TICKERS GLOBAL**

1. NYSE:FTS (Fortis Inc.)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:FTS (Fortis Inc.)
4. TSX:TD (The Toronto-Dominion Bank)

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