Young Investors: 2 Top TSX Dividend Stocks to Buy Today

Description

Young investors are using online brokerage accounts to set up self-directed Tax-Free Savings Account (TFSA) and RRSP portfolios. Taking charge of your own investing can save money on expensive fees, although it requires some time to research the best stocks to buy for a pension fund.

Holding a basket of top **TSX** dividend stocks with long track records of delivering strong returns should be a good start.

CN

CN (TSX:CNR)(NYSE:CNI) is a unique player in the North American energy infrastructure sector with rail networks that connect to ports on both the Atlantic and Pacific coasts in Canada and the Gulf Coast in the United States.

The company recently ended its efforts to buy a smaller U.S. railway for US$30 billion plus debt. The deal would have put share buybacks on hold for some time, and investors probably wouldn't have received dividend hikes in line with previous years due to the added debt load that CN would have taken on to do the deal.

Now that CN has decided to refocus on driving more efficiency in its existing operations, the outlook for dividend growth and share buybacks should be positive. The board already restarted the share repurchase program and is targeting $5 billion in stock buybacks in 2022. CN's large capital investments in recent years have put the business in strong structural shape. A recent announcement said CN will reduce the capital plan to 17% of revenues in 2022 and beyond, which should free up more funds for dividends.

CN is a very profitable company. The operations serve a vital role in the smooth operation of the Canadian and U.S. economies and generate enough earnings to cover billions of dollars of capital expenditures each year while still having adequate free cash flow left over to give shareholders a generous dividend increase.

CN raised the payout by 7% in 2021. That's pretty good in the middle of a pandemic. The long-term compound annual dividend growth rate since the company went public is about 15%. It wouldn't be a surprise to see the board raise the distribution by at least 15% in 2022.

The stock trades near $148 per share at the time of writing. That's up about 50% from the 2020 low, but the stock still appears cheap for buy-and-hold investors.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is a giant in the North American energy infrastructure industry. The company has a current market capitalization of $103 billion, making it one of the largest companies in Canada.

Enbridge is seeing a strong recovery in throughput on its oil pipelines, while the natural gas transmission, gas storage, and gas utility businesses continue to perform well. Enbridge also has a growing renewable energy group with solar and wind projects.

The recent power crisis in Europe and other countries is forcing governments around the world to realize that they still need fuel-fired power generation to cover demand spikes and the intermittent downtime of renewable energy. Droughts have reduced hydroelectric power production. Cloudy days impact solar panels and calm days can cause wind turbines to stop turning.

Enbridge has the power to drive growth through acquisitions, as well as organic projects. The company recently announced a US$3 billion deal to buy an oil export platform.

The stock appears attractive at the current price of approximately $51, and investors who buy now can pick up a 6.5% dividend yield.

The bottom line on retirement investing

CN and Enbridge are industry leaders with top dividend-growth track records. These stocks should continue to deliver strong long-term returns for buy-and-hold investors.

CATEGORY

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2. NYSE:ENB (Enbridge Inc.)
3. TSX:CNR (Canadian National Railway Company)
4. TSX:ENB (Enbridge Inc.)

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