



## 2 Dividend Stocks to Buy Now for Top Total Returns

### Description

Canadian investors are using dividend stocks to build [TFSA and RRSP](#) portfolios. The **TSX Index** is home to a number of top dividend stocks that have delivered great long-term total returns for investors.

### Canadian National Railway

**CN** ([TSX:CNR](#))([NYSE:CNI](#)) is a top railway operator in North America with a unique network of tracks that connects ports on three coasts. CN is the only railway company that can offer customers links to the Pacific and Atlantic coasts in Canada and the Gulf Coast in the United States.

The business generates strong revenue and free cash flow. As the Canadian, U.S., and broader global economies recover from the pandemic, CN should see demand for its services increase. The company caters to a wide range of segments from cars, coal, and crude oil to forestry products, finished goods, and fertilizers.

CN tried to buy **Kansas City Southern**, a smaller U.S. railway, in 2021, but regulatory issues eventually ended the pursuit. The company at least came out of the process with US\$700 million in break fees after KCS decided to accept an offer from **CP Rail**.

CN is now buying back stock again, and investors should see a decent dividend increase in 2022. The company has one of the best dividend-growth records in the TSX Index over the past two decades.

The share price is down from the 2021 high, giving investors a chance to buy CN on a pullback. A \$10,000 investment in the stock 20 years ago would be worth about \$182,000 today with the dividends reinvested.

### Fortis

**Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) is a utility operator based in Halifax, Nova Scotia. The company has \$57 billion in assets located across Canada, the United States, and the Caribbean that include power

generation, electric transmission, and natural gas distribution businesses. Nearly all of the revenue comes from regulated assets, meaning cash flow is relatively predictable and reliable.

Management has done a good job over the years of driving growth through a combination of strategic acquisitions and development projects. Fortis currently has a \$20 billion capital program on the go that is expected to boost the rate base significantly over the next five years. As a result, the company anticipates revenue will rise enough to support average annual dividend increases of 6% through at least 2025.

The stock is a good defensive pick for both income investors and those searching to build retirement portfolios. Fortis has raised the dividend for 48 consecutive years.

Fortis has also delivered attractive total returns for buy-and-hold investors. A \$10,000 investment in the stock 20 years ago would be worth about \$108,000 today with the dividends reinvested.

## The bottom line on top dividend stocks to buy for total returns

CN and Fortis do not offer high dividend yields, but their dividend-growth rates combined with the steady increase in the share prices have made them top providers of total returns for investors. If you have some cash to put to work in a TFSA or RRSP portfolio today, these stocks deserve to be on your radar.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:FTS (Fortis Inc.)
3. TSX:CNR (Canadian National Railway Company)
4. TSX:FTS (Fortis Inc.)

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