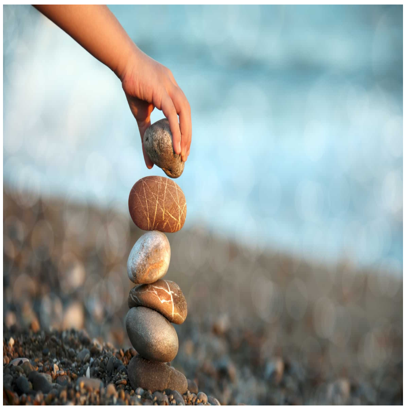

Retirement Wealth: 2 Oversold Canadian Stocks to Buy Now and Own for Decades

Description

The market pullback is a good opportunity for TFSA and RRSP investors to buy top Canadian dividend stocks at cheap prices. One popular strategy for building retirement wealth involves buying reliable dividend-growth stocks and using the distribution to acquire new shares under the company's dividend reinvestment plan (DRIP). In some cases, the new stock can be purchased at a discount to the market price.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) is a market leading utility company with $60 billion in assets located in Canada, the United States, and the Caribbean. 99% of its revenue comes from regulated businesses, including power generation, electricity transmission, and natural gas distribution operations. These revenue streams tend to continue performing well during difficult economic times. Homes and businesses need to keep the lights and heat on even when the economy goes through a rough patch.

Fortis is working through a $20 billion capital program that is expected to boost its rate base by more than 30% by the end of 2026. The resulting increase in cash flow should support a planned average annual dividend increase of 6% through 2025. This is solid dividend-growth guidance in a time of economic uncertainty and a looming recession.

And dividend growth is not new to Fortis as the company has raised its dividend for 48 consecutive years. This makes it a good contender for both passive income and for investors focused on total returns.

Fortis stock trades near $53 per share at the time of this writing compared to $65 earlier this year. Investors can now pick up a 4% dividend yield and look forward to future dividend growth. As an added bonus, the DRIP provides a 2% discount on new shares purchased using the dividends.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) also has a strong track record of dividend growth and has raised its dividend for 27 consecutive years. Investors should see the payout growth continue at a rate of 3-5% per year over the medium-term. Enbridge has a $13 billion capital program underway and is making strategic acquisitions to drive additional revenue and cash flow growth.

The North American energy sector took a big hit during the pandemic, but the recovery is underway and changes in global energy markets bode well for Canadian and U.S. producers. Demand for North American oil and natural gas is on the rise due to sanctions against Russia. Enbridge is in a good position to benefit from export growth and investors may not have this priced into the stock.

Enbridge owns an oil export terminal in Texas and the company is also investing in liquified natural gas (LNG) opportunities. Furthermore, the company is building two new pipelines in the U.S. to deliver natural gas to LNG facilities. In Canada, Enbridge is taking a 30% ownership position in the new Woodfibre LNG plant being built in British Columbia. LNG facilities cool natural gas to a liquid state and put the fuel on special ships that transport the LNG to international buyers.

Enbridge stock trades for close to $51.50 at the time of this writing compared to the 2022 high above $59. At the current price, investors can secure a juicy 6.7% dividend yield.

The bottom line on cheap dividend stocks to buy now

Fortis and Enbridge have solid track records of dividend growth that should continue in the coming years. If you have some cash to put to work in a TFSA or RRSP portfolio, these stocks look cheap today and deserve to be on your radar.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
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