

3 Great Canadian Dividend Stocks Even Americans Should Own

Description

I'm an American, but I can't help but be drawn to some of Canada's best dividend-paying stocks. It's not that we don't have our share of great dividend payers on my side of the border. However, what we don't have in America is the vast wealth of natural resources that Canada possesses, which makes it easier for Canadian companies to transfer that natural wealth from the earth to investors.

With that in mind, here are the top Canadian dividend stocks that I think investors on both sides of the border should consider putting in their portfolio.

Taking yield to a whole new level

Canada holds 46% of the world's potash reserves as well as 35% of global production capacity. That's a big deal as this critical crop nutrient improves crop yields, increases resistance to disease, and heightens water retention.

Few companies are as levered to this critical nutrient as Canada's **PotashCorp** (TSX: POT)(NYSE: POT). Not only is it already among the world's top producers at 20% of global capacity, but it has already announced capacity expansions that will keep it as a global leader. Due to its leadership position in potash production, as well as the fact that it's diversified into two other important crop nutrients, PotashCorp generates substantial cash flow. That cash flow provides the base for a compelling dividend that's currently yielding nearly 4%. It's a yield everyone should consider owning as its likely to grow along side PotashCorp's potash production capacity.

Oil-fueled dividend growth

Thanks to the oil sands, Canada is also blessed with the world's third largest oil reserves. These reserves are fueling growth for a number of producers including **Cenovus Energy** (TSX: CVE)(NYSE: CVE). In fact, Cenovus Energy sees the oil sands fueling 11% annual production growth for the next decade.

That production growth will provide the fuel necessary to grow Cenovus' already large 3.4% dividend. It's a dividend that has grown by about 10% in each of the past three years. I don't think we'll see that dividend growth slow down anytime soon, which is why I think investors on both sides of the border should take a closer look at Cenovus.

Moving what moves us

While **Enbridge** (TSX: ENB)(NYSE: ENB) doesn't extract Canada's natural resources from the ground, it does deliver those key commodities to customers. In fact, Enbridge is responsible for about 52% of Canada's total crude oil exports to the U.S., which is 17% of total U.S. oil imports. Needless to say, Enbridge provides an important service to both countries.

Overall, Enbridge's vast network of pipelines, which includes its ownership interest in **Enbridge Pipeline Partners** (NYSE: EEP) is vitally important to the growth of North America's energy industry. These pipelines will keep oil and gas production flowing and dividends to investors growing. At just

over 2.8%, Enbridge's dividend provides a solid income stream for investors on both sides of the border. However, Americans might want to take advantage of owning Enbridge Pipeline Partners as the MLP yields a tax advantaged 7.9%.

Foolish bottom line

Canada has some great income stocks thanks to its vast natural resources. With global demand for food and energy expected to continue growing for years to come, Canadian companies are ideally positioned to profit from this growth. That's why I think investors should take a closer look at some of Canada's top income stocks, which should keep rewarding investors for a long, long time.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:CVE (Cenovus Energy Inc.)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:CVE (Cenovus Energy Inc.)
4. TSX:ENB (Enbridge Inc.)

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