3 Dividend Aristocrats Yielding up to 7.4%

Description

king crown Image not found or type unknown These are some of the best dividend stocks in Canada.

Standard & Poor’s appropriately calls this group of companies the “Dividend Aristocrats”. These are giant, cash-rich stocks like **BCE**, **Telus**, **Enbridge**, **Suncor**, and **Tim Hortons** **––** Canadian stalwarts with a proven history of rewarding shareholders through dividends over decades … even centuries in some cases.

However, not every dividend-paying stock is included on this list. To earn the coveted status of a Dividend Aristocrat, a company must increase its distribution for at least five consecutive years.

Certainly that’s no easy feat, given that we just went through one of the worst financial crises in history. This explains why only 64 out of the thousands of stocks listed on the Toronto Stock Exchange made the cut.

The bottom line is this list is your *cheat sheet* for finding great dividend stocks. With this theme in mind, here are three top Dividend Aristocrats to investigate further.

1. Enbridge Income Fund

Enbridge Income Fund (TSX: ENF) is a basket of regulated monopolies across western Canada and the United States. The company owns natural gas pipelines, crude oil storage facilities, and green power generation projects. Because it acts like a toll-road operator, it generates steady, predictable cash flows.

Even better, Enbridge Income Fund passes most of this cash flow to shareholders. Over the past decade the company has increased its payout 10 times. Today, the stock yields 4.9%.

Shareholders can count on more hikes to come. Thanks to booming oil sands and shale production, more barrels of oil and gas will be flowing through the company’s network. That should provide a nice tailwind behind the stock.

2. Exchange Income Corporation

Investors looking for a cheap stock are watching shares of **Exchange Income Corporation** (TSX: EIF).

The company — which operates communication towers, regional airlines, and steel fabrication facilities — nosedived after reporting problems with the expansion of its WesTower Communications division. It landed a big contract with **AT&T,** but has had trouble rolling out the new network on time and on budget.

However, shares began to stabilize in May after management said that its WesTower division "stabilized and began its recovery." The company has hired a new management team and consultants to find ways to cut costs.

In the meantime, investors can lock in a juicy 7.4% dividend yield. Despite recent troubles, that payout isn't likely at risk given the company's ample cash reserves and cash flow.

3. Fortis

Fortis (TSX: FTS) is Canada's largest investor-owned utility, with about two million gas and electricity customers across the country. Over 90% of the company's business is regulated, practically guaranteeing a respectable return on investment. The rest includes real estate and hydro power generation, which provides a big boost to the company's growth profile.

What I like best about Fortis is its history of rewarding investors. Management has increased its dividend to shareholders every year since 1972 — the longest consecutive streak of any of any public company in Canada. Today, the stock yields a hearty 4%.

Thanks to a number of expansion projects, the company is likely to maintain that growth for years to come. The company's acquisition of CH Energy Group will provide a boost to earnings in 2015. Fortis also has over $1.4 billion in other expansion opportunities, including the Waneta hydroelectric dam expansion and infrastructure related to liquefied natural gas exports in British Columbia.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:EIF (Exchange Income Corporation)
2. TSX:FTS (Fortis Inc.)

Category

1. Investing

Date
2025/08/27
Date Created
2014/07/02
Author

rbaillieul