



2 Top Dividend Stocks to Buy Today

Description

In a market where it's tough to find long-term income-generating opportunities, investing in dividend stocks is the best way to go.

Dividend stocks multiply your wealth slowly but steadily. When you pick a dividend stock for your portfolio, you should also look into the company's payout history. Companies with the sustained ability to produce cash are more likely to continue rewarding their shareholders uninterrupted.

With these considerations in mind, I've picked two top dividend stocks which have more than 25 years of paying dividends.

Fortis Inc. ([TSX:FTS](#))([NYSE:FTS](#)) is a St. John's-based power and gas utility with \$48 billion in assets. The company provides electricity and gas to 3.2 million customers in the U.S., Canada, and Caribbean countries. The U.S. accounts for more than 60% of its assets, while Canada has more than 25% and the rest are in the Caribbean.

With a 3.6% dividend yield and about 6% expected growth in its annual payouts through 2021, Fortis is a fantastic dividend stock to hold. The company has increased its dividend payout for 43 consecutive years — a very tough record to beat.

With stability, you also need growth in your income, so your portfolio can beat inflation. In the past 10 years, Fortis's annual distribution increased from \$0.67 to \$1.53 a share, which is a CAGR of 9%.

Trading at \$44.4 at the time of writing, Fortis stock is up ~7% this year, outperforming other Canadian peers. The stock is trading close to the 52-week high of \$47.06 it achieved in June.

Fortis has a healthy pipeline of future projects that will fuel further growth in its earnings.

Bank of Montreal ([TSX:BMO](#))([NYSE:BMO](#)) is another top dividend stock for investors to consider. I always recommend keeping at least two good Canadian banking stocks in any income portfolio.

Canadian banks are cash machines for their shareholders. They operate in an oligopoly which protects them from severe competition.

With a dividend yield of 3.8%, BMO stock offers a good risk/reward equation for the long-term income investors. Its dividend payouts are backed by a solid track record. The company has sent dividend cheques to investors every single year since 1829 — one of the longest streaks of consecutive dividends in North America.

After a 6% drop in its price during the past six months, BMO's current and future valuations have become quite attractive.

At the share price of \$93.82 at the time of writing, BMO is trading at a 11.54 forward P/E multiple, showing a significant discount when compared to the industry average.

The bottom line

For income investors, investing in top quality dividend stocks is very important. This strategy helps grow your investments and shields your portfolio from the effects of rising prices.

The secret is to find stocks with good track records of paying dividends and a potential for the future growth.

CATEGORY

1. Bank Stocks
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2. NYSE:FTS (Fortis Inc.)
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