



3 Top Canadian Dividend Stocks With U.S. Exposure

Description

Dividend investors are constantly searching for ways to diversify their holdings, and one popular strategy involves owning [Canadian stocks](#) that derive a large chunk of their revenue and earnings from U.S. operations.

Let's take a look at three names that might be interesting picks today.

Bank of Montreal ([TSX:BMO](#))([NYSE:BMO](#))

Bank of Montreal is primarily known for its Canadian business, but the company has a large U.S. division that is generating some impressive results.

Bank of Montreal first dipped its toes in the U.S. market in the 1980s when it purchased Harris Bank. Over the years, additional acquisitions have bulked up the division, including the US\$4 billion purchase of Milwaukee-based Marshall and Ilsley in 2011 and the 2015 purchase of GE Capital's transport finance group.

Bank of Montreal just reported solid fiscal Q3 2018 results, primarily driven by a 34% increase in adjusted net income from the U.S. operations. Canadian personal and commercial banking adjusted net income increased 5%, and wealth management saw a 6% jump. The capital markets group generated a gain of 7%. Overall, Bank of Montreal gets about 27% of its profits from the U.S. businesses.

The company pays a dividend of \$0.96 per share for a yield of 3.6%.

Algonquin Power and Utilities ([TSX:AQN](#))([NYSE:AQN](#))

Algonquin Power is based in Canada, but more than 90% of the company's revenue is generated through its businesses in the United States. These include wind, solar, hydroelectric, and thermal facilities. The company also owns or operates natural gas and water distribution assets.

A combination of aggressive takeovers and organic developments has led to significant growth. As a

result, management is comfortable handing over more cash flow to investors. Algonquin Power raise the dividend by 10% earlier this year, and the current payout provides a [yield](#) of 4.9%.

Canadian National Railway ([TSX:CNR](#))([NYSE:CNI](#))

CN operates a rail network that runs across Canada from Vancouver to Halifax and right through the heart of the United States from Chicago to New Orleans. In total, 20,000 route miles of tracks gives customers access to three coasts.

The company is a profit machine, generating nearly \$1.3 billion in free cash flow in the first half of 2018. Management just raised guidance for the year, based on the strong start, and investors should see a nice dividend hike in 2019. The company raised the payout by 10% for this year.

At the time of writing, CN's distribution provides a yield of 1.5%.

The bottom line

Bank of Montreal, Algonquin Power, and CN are solid Canadian companies that give investors substantial exposure to the U.S. economy and should be attractive picks for buy-and-hold investors.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
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TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:BMO (Bank of Montreal)
3. NYSE:CNI (Canadian National Railway Company)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:BMO (Bank Of Montreal)
6. TSX:CNR (Canadian National Railway Company)

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