5 Top Dividend Stocks to Buy in September

Description

There are many stocks that pay dividends, but not all of them are quality stocks. It's important to look not only at the dividend yield, but to also look at a company's capacity to continue paying its dividend and to increase it regularly. I suggest to you five quality dividend stocks that have a dividend yield over 4%.

AltaGas (TSX:ALA)

AltaGas is a diversified energy infrastructure company that operates through three segments: gas, power, and utilities.

The energy company has been increasing its dividend for seven consecutive years.

The dividend is paid monthly and now amounts to $0.1825 per share for a yield of 9%. The five-year dividend-growth rate is 7.4%.

The company expects to increase its dividend at a compound annual growth rate of about 8-10% through 2021. This is a realistic dividend-growth target since earnings are expected to grow by 44% next year and at an average annual rate of 13% for the next five years.

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM)

CIBC is Canada's fifth-largest bank. Like other banks, CIBC is a reliable dividend payer and has a strong dividend track record: it has paid dividends to shareholders every year since 1868.

On August 23, CIBC released its third-quarter results, which were very strong. The bank saw double-digit growth in revenue and profit, driven by strong U.S. and Canadian performance.

CIBC raised its quarterly dividend to $1.36 per share, up 2.3% from $1.33, giving it a yield of 4.3% at the current stock price. The five-year dividend-growth rate is 7.2%.

CIBC's earnings are expected to grow by 5.6% for the next five years.

Cineplex (TSX:CGX)

Cineplex is Canada's largest movie and entertainment company. While still highly dependent on box office numbers, Cineplex is diversifying its business by expanding its offerings in the amusement and food sector.

Cineplex pays a monthly dividend that currently amounts to $0.145 per share for a yield of 5.2%. The five-year dividend-growth rate is 3.9%.

The company reported record second-quarter results, with a 1,670% jump in quarterly profit to $24.4 million. Higher attendance boosted revenue.

Strong growth is expected for Cineplex, as earnings are expected to grow by 9.5% next year and at an average annual rate of 19% for the next five years.

Enbridge (TSX:ENB)(NYSE:ENB)

Enbridge is a Canadian multinational energy transportation company based in Calgary, Alberta.

The oil pipeline operator reported a 17% increase in its earnings in the second quarter thanks to record volumes of oil and gas transported in its network covering all North America.

Net income was $1.1 billion compared to $919 million for the same period last year. Performance was helped by the acquisition of Spectra Energy. Earnings are expected to grow almost 40% for the current year.

The dividend is paid quarterly and now amounts to $0.671 per share for a yield near 6%. The five-year dividend-growth rate is 16.3%, which is very high.

Power Financial (TSX:PWF)

Power Financial is a diversified international management and holding company that holds interests in the financial services sector in Canada, the United States, and Europe.

Power Financial pays a quarterly dividend that now amounts to $0.433 per share for a yield of 5.6%. The five-year dividend-growth rate is 4.3%.

The company reported record earnings in the second quarter on strong subsidiary performance. Net income rose 20.7% to $658 million as compared to the same quarter in 2017.

Earnings are expected to grow at an average annual rate of 11.5% for the next five years.

The stock is cheap, with a forward P/E of only 8.5 and a PEG expected over five years of only 0.8.

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1. Editor's Choice

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