3 Dividend Stocks to Stash in Your Portfolio This Year

Description

The S&P/TSX Composite Index rose 24 points on January 2. The index suffered a double-digit percentage decline in 2018. There is some degree of optimism in the investing world as we welcome 2019, but economic headwinds still loom large in Canada and across the world. Fortunately, there are attractive options for investors on the hunt for conservative options that yield income.

Today, we are going to go over three options in the utilities sector. A more dovish Bank of Canada in 2019 and a leaner outlook should drive investors to these dependable dividend stocks.

Hydro One (TSX:H)

Hydro One stock has increased 2.2% month over month as of close on January 2. Last month, I'd discussed why the scuttling of the **Avista Corp.** acquisition could play into the company's favour. However, I'd also pointed out that the stock had quickly jumped into overbought territory following the news.

Hydro One shares have now fallen back into neutral territory. The company is set to release its fourth-quarter and full-year results in early February. In Q3, the company benefitted from favourable weather and increased operational effectiveness and reported adjusted earnings per share of $0.38. The company also declared a quarterly dividend of $0.23 per share, which represents a 4.5% yield.

Hydro One reshuffled the deck in the summer of 2018 at the behest of the new PC government and will now be forced to reorient its growth strategy after the loss of Avista. Still, it boasts a wide economic moat and significant cash reserves.

Emera (TSX:EMA)

Emera stock increased 8.6% over the past three months as of close on January 2. Shares still finished 2018 in the red. Emera has operations throughout North America and in four Caribbean countries.

In the third quarter, Emera reported adjusted income of $191 million, or $0.82 per share, compared to $118 million, or $0.55 per share, in the prior year. In the first nine months of 2018, adjusted income reached $504 million compared to $387 million for the same period in 2017. Cash flow increased 29% to $1.23 billion.

Emera last paid out a dividend of $0.5875 per share, which represents a 5.2% yield. Although its P/E ratios are steep in comparison to its industry competitors, Emera offers comparable stability and a top-shelf dividend in the sector.

Fortis (TSX:FTS)(NYSE:FTS)

Shares of Fortis have climbed 7% over the past three months. Back in early November, I'd discussed why Fortis was a must-own in a turbulent stock market. In October 2018, Fortis announced a 5.9% increase to its quarterly dividend — up to an annualized dividend of $1.70 per share. The company has now delivered dividend growth for 45 consecutive years.

Fortis CEO Barry Perry said in the third quarter that the company is focused on supporting a 6% annual dividend-growth target through 2023. Its five-year capital investment program is expected to be $17.3 billion and is expected to power growth in its consolidated rate base to $35.5 billion by 2023. Fortis should be the top of any investor's list when it comes to dividend options on the TSX.

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2. Investing

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