2 Top Dividend Stocks That Have Been Cash Machines for Investors in 2019

Description

North American indexes have soared since central banks in the United States and Canada reversed policy, at least for the time being, on interest rate hikes. This gave markets a shot in the arm, but it was also great news for some of the top income-yielding equities. Utilities stocks had been battered while central banks pursued rate tightening. These dividend stocks had become attractive income vehicles after the financial crisis, but rising bond yields meant that income investors would likely swing back.

Two of the top Canadian utility stocks have enjoyed significant success in 2019. The two equities we will look at today have reached 52-week highs over the past week. With central banks remaining cautious, these stocks have a good chance to continue this momentum in the second half of the year.

Fortis (TSX:FTS)(NYSE:FTS)

Fortis stock had climbed 11.1% in 2019 as of close on May 22. Shares were up 21% from the prior year. Back in November 2018, I'd recommended that investors pick up Fortis in the middle of severe market turbulence. Shares would dip briefly in December, offering investors a fantastic buying opportunity, and have steadily climbed in 2019.

There are many reasons to get behind this elite dividend stock. Fortis boasts a wide economic moat. It is forging ahead with a five-year $17 billion capital-investment plan that will boost its rate base into 2023. This is expected to support annual dividend growth of 6% through that same year. Fortis has achieved 45 consecutive years of dividend growth. If it reaches this milestone in 2023, it will be crowned a dividend king.

Fortis will pay its quarterly dividend of $0.45 per share to shareholders on June 1, 2019. This represents a 3.5% yield. A fantastic start to 2019 has made this top-tier dividend stock a lucrative hold.

Hydro One (TSX:H)

Hydro One is a utility that services the province of Ontario. Shares had climbed 11.7% in 2019 as of close on May 22. The stock was up 16% from the prior year.

Back in December, Hydro One found out that U.S. regulators had blocked its proposed acquisition of **Avista**. At the time, I'd argued that this was a positive for the stock going forward. It was left with an improved balance sheet. Missing out on a big U.S. addition was unfortunate, but Hydro One will undoubtedly pursue acquisitions going forward.

Hydro One also boasts a wide economic moat and has established an early history of dividend growth. In the first quarter, the company benefited from catch-up revenues, favourable weather, and lower taxes as it posted adjusted earnings per share of $0.52 compared to $0.37 in the prior year. Hydro One announced a 5% increase to its quarterly dividend. It now offers a quarterly payment of $0.2415 per share, which will be payable on June 28. This represents a 4.2% yield.

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