3 Top Canadian Dividend Stocks to Own for Decades

Description

Canadian savers are searching for reliable stocks to hold in their self-directed RRSP and TFSA portfolios.

Let's take a look at three companies that might be interesting picks to get your retirement fund started.

Telus

Telus (TSX:T)(NYSE:TU) doesn't get the same attention as its two larger peers in the Canadian communications sector, which is primarily due to its lack of a media division.

Pundits have different views on whether it's important for Telus to own content, and only time will tell which side is correct.

So far, however, Telus appears to be doing just fine by sticking to the model of providing customers with quality services across its world-class wireless and wireline networks.

Mobile, internet, and Telus TV subscriber growth remains solid, and the company regularly reports the lowest post-paid mobile churn rate in the industry.

A large capital program has peaked, meaning that free cash flow should improve in the next few years.

Telus is on track raise the dividend by 7-10% per year through 2022, and the existing payout provides a yield of 4.7%.

TC Energy

TC Energy (TSX:TRP) owns oil, natural gas, and natural gas liquids pipelines in Canada, the United States, and Mexico. It also has power generation assets and natural gas storage facilities.

The company's $30 billion development portfolio should ensure steady revenue and cash flow growth over the medium term. TC Energy will complete $7 billion in projects in 2019.

The company has had some challenges with its Keystone XL pipeline project, but that should eventually be completed.

Additional smaller growth opportunities exist across the asset base and TC Energy is large enough to make strategic acquisitions as the industry consolidates.

The stock has enjoyed a nice rebound in 2019, albeit still offers attractive upside potential. Management is targeting annual dividend growth of 8-10% through 2021 and the stock currently provides a yield of 4.6%.

Royal Bank of Canada

Royal Bank of Canada (TSX:RY)(NYSE:RY) is the country’s largest company with a market capitalization of $150 billion. The bank generated adjusted earnings of $12.4 billion in fiscal 2018 and is on track to top that level this year.

Competition from non-bank tech companies is forcing the banking industry to invest heavily in new digital products. Royal Bank has the financial clout to allocate the capital required, and is already seeing the benefits through rising client use of its digital platforms.

The company has a strong presence in a variety of segments in the financial services industry. Its US$5 byillion acquisition of City National, a California-based private and commercial bank, is delivering solid results, giving Royal Bank a platform to expand its presence in the sector.

Royal Bank is targeting annual earnings-per-share growth of 7-10% over the medium term. Investors should see steady dividend growth continue along those lines. The current payout provides a yield of 3.9%.

The bottom line

Telus, TC Energy, and Royal Bank are all strong companies that should continue to grow. An equal investment in the three stocks would provide diversified exposure and generate attractive yield for a dividend-focused fund.

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2. NYSE:TU (TELUS)

3. TSX:RY (Royal Bank of Canada)
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aswalker