3 Top Dividend Stocks to Buy in the New Year

Description

The new year has arrived, and investors are left with a TSX Index that hit record highs to close out the previous year. In the 2010s, investors who put their faith in the markets were richly rewarded. The energy and materials-heavy TSX may not have had the explosiveness of indices like the S&P 500 south of the border, but there were still great opportunities.

Today, I want to look at three of my favourite dividend stocks to kick off the 2020s. Let's jump in.

Genworth MI Canada

Canada's housing sector enjoyed a resurgence in the middle of 2019, before sputtering a bit to finish the year. **Genworth MI Canada** (TSX:MIC) benefited from this rebound. The stock rose over 50% in the previous year. Over the past five years, it had achieved average annual returns of 13%.

The company released its third-quarter 2019 results in late October. Investors can expect to see its fourth-quarter and full-year results in early February. In Q3 2019, Genworth's transactional premiums written rose 10% year over year to $213 million and total premiums written rose 11% to $218 million. This was largely due to growth in housing activity in the quarter.

Genworth last hiked its quarterly dividend payment to $0.54 per share. This represents a 3.8% yield. The company has delivered dividend growth for 10 consecutive years. Shares still boast a solid price-to-earnings ratio of 12 and a price-to-book value of 1.2. This is a dividend stock worth holding onto over the next decade.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is a heavy hitter in the energy sector. It is the third-largest stock on the TSX by market cap. Shares climbed over 25% in 2019 in the face of continued turbulence in its industry. Enbridge has posted impressive operational success in recent quarters and came out of 2018 and 2019 scoring several regulatory wins.

In the third quarter, the company reported adjusted earnings of $1.12 billion, or $0.56 per share, compared to $933 million, or $0.55 per share, in the prior year. Year to date Enbridge posted adjusted EBITDA of $10 billion over $9.5 billion in the first three quarters of 2018. Investors can expect to see its fourth-quarter and full-year results for the previous year next month.

The company last announced a quarterly dividend of $0.738 per share. This represents a strong 6.2% yield. It has delivered dividend growth for over 20 consecutive years. The stock is trading close to its 52-week high, but its P/E of 17 and P/B of 1.7 is stands in good territory relative to its industry peers.

Hydro One

Top utility stocks rewarded investors nicely in 2019. In the beginning of 2018, I'd discussed why a soft rate environment was a positive one for this sector. **Hydro One** (TSX:H) struggled, as the Bank of Canada underwent a brief rate-tightening path in 2017 and 2018, but it gained considerable momentum last year. The stock rose 28% in 2019.

In the year-to-date period at the end of Q3 2019, Hydro One reported revenues of $4.76 billion compared to $4.65 billion in 2018. Adjusted basic earnings per share rose to $1.19 compared to $1.06 in the prior year. Less-favourable weather offset lower OM&A costs, which led to lower revenues in Q3 2019 compared to Q3 2018.

Hydro One last paid out a quarterly dividend of $0.2415 per share. This represents a 3.8% yield. The company has delivered a dividend increase in every year since its IPO in late 2015.

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