



Top Canadian Dividend Stocks for 2020

Description

Want to get cold, hard cash simply for owning a specific stock? Canada has some of the best [dividend stocks](#) in the world. The list below is a round-up of your best options for 2020.

One stock on this list has a dividend of 14%. Another has a bulletproof payout that should remain stable throughout a severe bear market.

Whether you're looking for safety, income, or both, here are your best bets.

Ride this train

Brookfield Renewable Partners ([TSX:BEP.UN](#))([NYSE:BEP](#)) is targeting a multi-trillion-dollar opportunity that should last for another 50 years: the global transition towards renewable fuels. It already owns 5,337 power facilities, but in 2020, growth could accelerate quickly.

Brookfield's management team has long believed that the growth of renewables will be larger than anyone expected. It's become an early mover, developing a global reputation as an active buyer and seller of renewable energy assets. This provides ample deal flow to monetize assets when prices are high but also acquire new projects when prices fall.

Since 1999, Brookfield has delivered 16% annual returns. With a dividend of 4.1% and billions in near-term growth opportunities, 2020 should be another successful year for this long-term holding.

Generate mega-dividends

Chemtrade Logistics Income Fund ([TSX:CHE.UN](#)) has been paying the same dividend for more than a decade. The payout wasn't even cut during the financial crisis.

As an industrial chemicals distributor, however, sometimes commodity prices move against it. Uncooperative pricing has helped push the stock price down to where the dividend yield is now 14%.

The dividend has regularly hit double-digit levels, always reverting to a normal range once commodity pricing reverts to the mean.

On the most recent conference call, Chemtrade reiterated that it will continue paying a high payout ratio, and that the rate doesn't impact the long-term sustainability of the business.

With a \$795 million market cap and a boring business model, it's no wonder that this super-sized dividend has been ignored by the market. History and management's actions indicate that there's no cut on the table for 2020.

This stock is bulletproof

Hydro One ([TSX:H](#)) has the most reliable dividend on this list. Its rate-regulated utility approach can withstand even a severe downturn.

Hydro One owns and operates transmission lines across 98% of Ontario. The company is paid to take electricity from power plants and deliver it to residential, industrial, and commercial consumers. Even during the financial crisis, electricity demand barely dipped, making this end-market a reliable source of income.

About 99% of Hydro One's revenues are rate regulated. That means the government provides the company a certain rate base and pricing range. This limits profit upside but effectively guarantees limited downside.

After a stock price spike, the dividend is down to 3.5%, but that's still plenty to attract new investors considering management also wants to grow its rate base by 5% per year.

In combination, investors stand to receive high single-digit annual returns for years to come. That won't lead the market when prices are rising, but if a bear market hits, Hydro One should be a rare winner.

CATEGORY

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1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
3. TSX:CHE.UN (Chemtrade Logistics Income Fund)
4. TSX:H (Hydro One Limited)

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