2 TSX Dividend Aristocrats Yielding Up to 7.9%

Description

There are two weeks before the end of the first half of, perhaps, the most hated year of this century. A lot of commentary on the stock market right now is that the markets are dissociating themselves from the real world. If that really is the case, investors need to brace themselves for another drop.

Here we look at two dividend giants on the **TSX** with predictable revenues and a history of solid dividend payouts that will help investors weather the upcoming storm. If the naysayers are wrong and there is no drop, you can expect these company shares to rise in tandem with broader markets as well. It's a win-win either way.

A dividend-paying energy giant

Enbridge (TSX:ENB)(NYSE:ENB) is the largest energy infrastructure company in North America. Enbridge stock is trading at 26% off its 52-week high right now. The company has been paying out uninterrupted dividends for the last 69 years and has increased dividends consistently in the last 25 years.

It is one of the few companies that increased its dividend this year despite the pandemic. Currently, its forward dividend yield is at 7.82%. Enbridge has delivered an 11% CAGR dividend growth from 1995-2020. The reason it can do this is because it gets 98% of its revenues from regulated businesses, and 93% of its clientele are investment-grade companies.

Enbridge has mapped out a growth plan post-2020 and it looks very impressive. The company estimates a $1 billion annual opportunity in its utilities segment, $1 billion in its renewables segment, $2 billion in gas transmission, and $2 billion in its liquids pipelines. While these might seem ambitious, if any company can pull it off, it is Enbridge.

The next six months are a great opportunity to accumulate shares of this stock. As the world returns to normalcy in 2021, Enbridge will be very well positioned to capitalize on increased demand for energy.

A recession-proof Canadian heavyweight

Canadian Utilities (TSX:CU) is another Canadian company that has been paying out dividends for a long time. In fact, CU holds the record among publicly traded companies for dividend increases. It has increased its dividend payout every year for the last 48 years. At $1.74, its forward dividend yield is a strong 5.74%.

Around 95% of CU's revenues are regulated and the balance is accounted for from long-term contracts. While the company is a good dividend payer, the same can't be said about its initiatives to grow until recently. CU has been comfortable in its sector for too long. That said, it has started making moves to evolve in the last decade.

CU sold off its Canadian fossil fuel-based electricity generation portfolio in the third quarter of 2019 to focus on regulated and cleaner sources of energy. It is expanding into new lines of business and is putting pressure on processes that will increase cost-savings.

However, it will be some time before these CU measures bear fruit. It's a great stock for investors who want a stable dividend payout every year. It's not a great stock for investors who want to see massive appreciation in its stock price.

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