



5 Utility Stocks That Raised Dividends in Q1

Description

The dividend-growth strategy is growing in popularity, as record-low interest rates make bonds and GICs much less attractive. One of the best places to start is the Canadian Dividend Aristocrat list. These are companies that have raised dividends for at least five consecutive years.

Several retail investors adopt a dividend-growth strategy as a means to build strong and sustainable income. Utilities are among the most sought after, as they provide attractive yields supported by strong cash flows.

Last week, we took a look at the many companies that either cut or suspended dividends. Thanks to recency bias, investors may not realize that the first quarter was also a strong one for dividend-growth investors.

In the first quarter, 40 Canadian Dividend Aristocrats raised dividends. Throughout the week, we took a look at several sectors, including [energy](#) and [financials](#). Today, we'll look at utility stocks that raised dividends in the first quarter.

	Old	New	Percentage	Date
Canadian Utilities (TSX:CU)	\$ 0.4227	\$ 0.4354	3.00%	01/09/2020
Atco (TSX:ACO.X)	\$ 0.4048	\$ 0.4352	7.51%	01/09/2020
Brookfield Renewable Partners (TSX:BEP.UN)(NYSE:BEP)	\$ 0.515	\$ 0.56	8.74%	02/05/2020
Brookfield Infrastructure Partners (TSX:BIP.UN)(NYSE:BIP)	\$ 0.5025	\$ 0.5375	6.97%	02/10/2020
Innervex Renewable Energy (TSX:INE)	\$ 0.175	\$ 0.18	2.86%	02/27/2020

The longest streaks in the country

Three of the top five Canada's Dividend Aristocrats are utility companies. Among those, you'll find Canadian Utilities and parent company Atco.

The longest dividend-growth streak in the company belongs to Canadian Utilities. Thanks to the 3% raise in early January, Canadian Utilities will exit 2020 with a 49-year streak. This means it is one year away from reaching Dividend King status. Worth noting: it will be the first Canadian company in history to reach this mark.

Although the streak is second to none, Canadian Utilities's dividend-growth rate is declining. The low single-digit raise is significantly lower than historical averages and is reflective of slowing earnings growth.

Atco's 7.5% raise is slightly better, but much like its subsidiary Canadian Utilities, it is a rate that is on the decline. This is not surprising, as their fortunes are closely linked. Don't expect this trend to reverse any time soon, as the expectation is for negative earnings growth over the next couple of years.

Despite this, Atco's dividend-growth streak is now at 27 years and represents the fifth-longest streak in Canada.

Brookfield family of companies

Most companies in the Brookfield family announce their quarterly distribution raises in the first quarter. This year was no different, as Brookfield Infrastructure Partners and Brookfield Renewable Partners both extended their growth streaks.

Brookfield Infrastructure is one of the fastest-growing companies in the family. Although it is struggling during this pandemic, the company's stock price has soared by almost 400% in the past decade. February's 6.97% raise extends the company's growth streak to 13 years.

The raise is in line with company guidance for 7-10% annual distribution growth. It is also worth noting that this Dividend Aristocrat also spun off a corporation with ticker BIPC. This corporation pays the same dividend as BIP.UN and, outside of tax purposes, is the same company with the same value.

For its part, Brookfield Renewables has been a star over the past couple of years. As renewable energy slowly took hold of the markets, BEP stock soared in 2019 and is still up by 48% over the past year.

The 8.75% raise is also in line with company guidance to grow the distribution by 5-9% annually. The raise extends the company's dividend-growth streak to 11 years.

A small-cap renewable

After years of underperformance, Innergex Renewables is beginning to perk up. This is not surprising given the strong positive sentiment and shift towards renewables.

The company is one of the newest utilities to join the Dividend Aristocrat list. It did so in 2019, and February's 2.86% raise will extend the dividend-growth streak to seven years.

Since the company is in high-growth mode, it has modest yield (3.78%) and only grows the dividend in the low, single-digits. Innergex is investing in new generation capacity, and as a small cap, it doesn't have access to as much liquidity as its peers.

Are these Dividend Aristocrats buys today?

If you are looking for safe and reliable income, the utility sector is where you will want to be. All of the companies on today's list have safe and sustainable dividends. On one hand, you have old guards such as Atco and Canadian Utilities. On the other, you have the new guard in renewable companies such as Brookfield Renewable and Innergex Renewables. Brookfield Infrastructure is also an up-and-coming star with a slightly different business model.

Regardless of investor preference, these companies each make for reliable income investments.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
3. TSX:ACO.X (ATCO Ltd.)
4. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
5. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
6. TSX:CU (Canadian Utilities Limited)
7. TSX:INE (Innergex Renewable Energy Inc.)

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