



3 Top Dividend Aristocrats on the TSX Index

Description

Canadian Dividend Aristocrats are stocks that have raised dividends for at least five consecutive years. Thanks to their commitment to the dividends, they are among the best [income stocks](#) on the TSX Index.

As we have seen during this pandemic, no company is immune from a potential dividend cut or suspension. However, of the approximately 90 TSX-listed companies that have cut or suspended the dividend, only 11 are Dividend Aristocrats.

Over the past month, the markets have been highly volatile. However, there have been a few standout performers among this prestigious group of income stocks.

	Monthly Gain Yield	DG Streak	Sector
Enghouse Systems (TSX:ENGH)	19.55%	0.74% 13 years	Technology
TFI International (TSX:TFII)	17.97%	2.16% 9 years	Industrials
Transcontinental (TSX:TCL.A)	17.54%	5.96% 18 years	Consumer Cyclical

A top tech stock

Enghouse is one of only four Dividend Aristocrat technology companies. It is one of the rare growth stocks which has found a balance between growth and returning cash to shareholders via the dividend.

At first glance, the 0.74% yield doesn't look attractive. However, the low yield is a direct result of the company's rapid [stock price appreciation](#). Year to date, it is up by approximately 55% and it 1,800% over the past 10 years.

It is averaging double-digit dividend growth and last raised the dividend by 22.73% this past May. Simply put, this is one of the best tech stocks on the TSX Index.

A rebounding industrial

When the pandemic hit, transportation companies were among the most impacted. At its March low, TFI International was down by approximately 42% on economic concerns. The company has since made a big comeback and is now sitting on gains of 12.77% on the year.

This is a company that was setting record earnings and revenue on an almost quarterly basis. The selloff was overdone, and the markets were quick to recognize this undervaluation.

The company is well positioned to be a leading consolidator. Several of the smaller players or those that are overextended will not survive this pandemic. Case in point, TFI International recently struck a deal to buy the outstanding assets of MCT Transportation in bankruptcy proceedings.

Expect this to be the first of many opportunistic acquisitions for this Dividend Aristocrat.

Taking advantage of COVID-19

Transcontinental is another stock that was unfairly punished in the early days of the pandemic. Touching lows close to -40%, it has also made a comeback. A strong June has the company in striking distance of breaking even for the year. It is now down by only 6.68% in 2020.

The company is taking advantage of increased demand for food packaging, a trend that is likely to continue over the short to medium term. This Dividend Aristocrat's 18-year dividend-growth streak ranks among the top 20 in the country.

It offers investors an attractive starting yield (5.96%) and reliable, mid-single-digit dividend growth.

Are these Dividend Aristocrats buys today?

In this environment, Enghouse and TFI International remain strong buys. Although Enghouse is looking expensive at these levels, the entire technology sector is on fire. In the event the sector crashes, I'd expect Enghouse to hold on better than most of the high flyers.

For its part, Transcontinental is a hold in my books. The company hasn't done much in terms of growth, and its share price is pretty much flat over the past five years. That being said, it does make for a reliable income play with an attractive yield. Just don't expect outsized capital appreciation.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing
4. Tech Stocks

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:ENGH (Enghouse Systems Ltd.)
2. TSX:TCL.A (Transcontinental Inc.)
3. TSX:TFII (TFI International)

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1. Business Insider
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