The 3 Best Dividend Aristocrats for Retirees to Buy in Fall 2020

Description

If you're a retiree, you might find yourself at a loss to find good investments in today's market. U.S. stocks have long since topped all-time highs, and Canadian stocks aren't far behind. In this environment, you might think stocks are getting overpriced. And you wouldn't necessarily be wrong. This entire summer, money managers have been sounding the alarm about an overheated market. With stocks soaring ever higher while earnings decline, P/E ratios are certainly rising. Stocks were already historically expensive *before* the COVID-19 market crash; today, they're far more so.

That doesn't mean there isn't good value to be found, though. If you're willing to consider overlooked sectors, there are some real gems out there. In fact, many dividend stocks are sporting historically high yields. By investing in such stocks, you can build a steady income stream that rewards you through your retirement. The following are three such stocks to buy in the fall of 2020.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) is one of Canada's most reliable long-term dividend stocks. It has raised its dividend every single year for 46 years and counting. Management hopes to keep that track record up, aiming for 6% annual increases over the next five years. Fortis is a regulated utility, which provides unusual revenue stability. But this isn't just a boring government-regulated enterprise that rests on its laurels. Fortis invests heavily in growth, with $18.3 billion in capital expenditures planned over the next five years. Some of that will just be repairs and upgrades, but it will also be used to connect customers in remote northern communities. The stock yields 3.5% at current prices.

CN Railway

Canadian National Railway (TSX:CNR)(NYSE:CNI) has been one of the best Canadian stocks for dividend increases. Over the past five years, management has increased CNR's dividend by 15% a year. That's thanks to strong growth in the underlying business, which has seen a huge explosion in demand for its services — especially crude by rail.

This year, CNR's revenue has taken a dive, thanks to the COVID-19 pandemic. The pandemic reduced demand for oil, which is one of CN's biggest growth businesses. However, the pandemic is beginning to wind down in Canada, which means that the economy is coming back to life. As a result, we can expect CN's various business segments to get back to business as usual.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is an energy stock that sports a whopping 7.5% yield. The stock has delivered incredible dividend growth over the past decade while seeing its share price decline. As a result, it now has one of the highest yields you can find among major Canadian stocks.

There are some good reasons to play it safe with Enbridge. As an oil and gas company, it's in an industry that has been feeling the heat in recent years. Recently, its stock price tanked after oil prices collapsed in April. However, Enbridge doesn't make money directly off of oil sales. It charges transportation fees, and they're generally agreed on in advance. So, as long as there is strong *demand* for oil, Enbridge can make money. This is just one among many factors that make Enbridge a great stock for fall 2020.

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