



## 3 Wealth-Building Dividend-Paying Utility Stocks on the TSX

### Description

While everyone is having their own meltdowns looking at the volatility in the stock markets, long-term investors should just ignore all the noise and focus on companies that are going to continue to grow irrespective of what the world throws their way. One of the safest sectors to look at is the utilities sector.

There are companies with predictable cash flows who are increasing dividend payouts every year. We look at three such companies who will continue to grow by either acquiring companies or investing in capital growth without compromising on dividend payout. All of them are great companies to invest in for both capital appreciation as well as dividend income.

### A Canadian utility company

**Algonquin Power and Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) has increased its dividend by 10% annually in the last decade. Its dividend yield is a solid 4.53% and with a beta of only 0.34, you know the company can weather out a recession.

The company's EBITDA for the second quarter of 2020 came in at \$176.3 million, down 7% from \$190 million in the same period in 2019. AQN has 1,600 megawatts of renewable projects under construction which when completed will ensure that the cash flows continue to be predictable and dividends continue to go up.

Algonquin recently announced a four-year framework agreement with **Chevron** where it will develop over 500 megawatts of renewable power projects to provide electricity to their operations. If this goes off as planned, Chevron will look at Algonquin for more such projects and expand their partnership.

The stock is up 200% since 2017 and remains a top utility buy for Canadians.

### A Dividend Aristocrat

**Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) is the largest utility provider in Canada and it seems like a juggernaut

that will continue to roll. The company operates in Canada, the U.S., and three Caribbean countries diversifying its regional portfolio.

Around 63% of its revenues are regulated and the best part about Fortis is that it [has increased its dividend](#) for 47 years in a row. It has seen multiple recessions and downturns, and it has taken them all in its stride and its dividend yield is 3.64%.

It plans to increase dividends by 6% every year until 2024 and it is well on course to do that. The company's \$18.8 billion capital plan is also underway with minor interruptions. This is one of the most well-known defensive names, and it's hard to see how investors can go wrong with it.

## Capital Power has a dividend yield of 7.1%

At 7.12%, **Capital Power Corporation** ([TSX:CPX](#)) has the highest dividend yield among the three stocks mentioned here. The company reinforced belief in its strong fundamentals and assured investors that a pandemic wouldn't affect its cash flow when it increased its dividend by 6.8% after it announced its results for the second quarter of 2020.

Capital Power announced that it would continue to move ahead with its \$500 million capital expansion plan that would add 353 megawatts of electricity to its Alberta wind facility. It will also proceed with its first solar development project in Canada, the 40.5 megawatt Strathmore Solar project.

## The Foolish takeaway

Investors become fearful when the markets are volatile. These stocks can go a long way in calming that fear. If you invest \$20,000 in each of these stocks, you can generate over \$3,000 in annual dividend payments.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:FTS (Fortis Inc.)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:CPX (Capital Power Corporation)
5. TSX:FTS (Fortis Inc.)

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