



3 TSX Dividend Stocks to Buy Amid an Uncertain Outlook

Description

The Canadian stock markets have been under pressure this month after an impressive run over the last five months. Meanwhile, the volatility could continue, given the weak economic outlook and the concerns over the implications of the pandemic and geopolitical tensions. So, amid the uncertainty, investors should invest in dividend stocks, which have stable earnings and cash flows.

So, here are the three Canadian Dividend Aristocrats that are well positioned to continue paying dividends irrespective of the economic conditions.

Bank of Nova Scotia

Bank of Nova Scotia ([TSX:BNS](#))([NYSE:BNS](#)) has lost nearly 25% of its stock value this year. Higher provisions for credit losses have taken a toll on its stock price. The company has significant exposure to its Latin America, which was hit severely by the pandemic, leading to an increase in provisions. In its recently completed quarter, the company's adjusted EPS declined by 45% on a year-over-year basis.

Meanwhile, before the impact of the pandemic, the company's performance was healthy. In the last 10 years, the company's EPS grew at a CAGR of 8%. These consistent performances had helped the company raise its dividends at a CAGR of 6% during this period.

On August 24, the company's board announced quarterly dividends of \$0.90 per share, representing an annualized payout of \$3.60 per share. The decline in its stock price has increased its dividend yield to an attractive 6.52%.

Further, the company's well-diversified approach and improvement in economic activities could stabilize its financials over the next few quarters. So, the company provides an [excellent buying opportunity at these depressed levels](#).

TC Energy

TC Energy ([TSX:TRP](#))([NYSE:TRP](#)), which is involved in the storage and transportation of oil and gas, generates 95% of its adjusted EBITDA from its rate-regulated assets. So, the company's earnings and cash flows are largely stable. These consistent cash flows have aided the company in boosting shareholders' value by raising its dividends for the last 20 consecutive years.

Meanwhile, from 2015 to 2019, the company has increased its dividends at a CAGR of 9.6%. It has also planned to raise its dividends by 8-10% in the next fiscal and 5-7% from there onwards. Currently, the company's dividend yield stands at 5.4%.

Despite the impact of COVID-19, the company continues to advance with its \$37 billion of secured growth projects, already placing \$3 billion of assets into service in the first two quarters of this year. Meanwhile, at the end of the second quarter, the company had liquidity of over \$11 billion. So, given its stable cash flows, high-growth prospects, and a healthy liquidity position, I believe its dividends are safe.

Telus

As the telecommunication has become an essential service now, **Telus** ([TSX:T](#))([NYSE:TU](#)) would be my third pick. Despite the impact of the pandemic, it added 141,000 net new customers across its wireline and wireless segments during the quarter, which led to an increase of 3.6% in its consolidated revenue.

Meanwhile, its free cash flows increased by 57% to \$511 million. At the end of the quarter, the company's liquidity stood at \$3.6 billion, with cash and cash equivalents standing at \$1 billion. So, I believe the company's liquidity position looks healthy.

For the third quarter, the company has declared quarterly dividends of \$0.29 per share, which translates to an annualized payout of \$1.17 per share. So, the company's dividend yield stands at 4.9%.

Meanwhile, in June, the company rolled out a 5G network in five markets across Canada. It also has planned to expand to 26 new markets later this year. Amid the shift towards working and learning from home, the need for the company's services to rise. So, Telus's growth prospects look healthy. With the company trading at over 4% lower for this year, it offers an excellent entry point for long-term investors.

CATEGORY

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2. NYSE:TRP (Tc Energy)
3. NYSE:TU (TELUS)
4. TSX:BNS (Bank Of Nova Scotia)
5. TSX:T (TELUS)

6. TSX:TRP (TC Energy Corporation)

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Author

manjapla

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