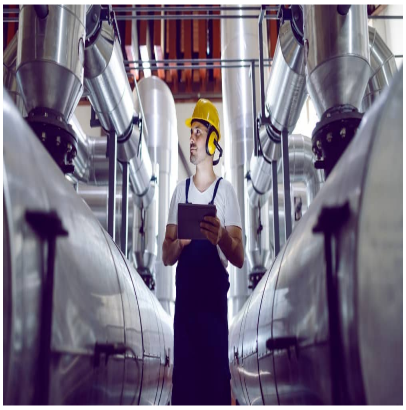

2 Dividend Aristocrats on the TSX to Buy and Hold Forever

Description

Dividend-paying companies continue to be attractive to investors. These stocks help to create a passive source of recurring income and identifying blue-chip stocks can help you generate significant wealth over time. Here we look at two Dividend Aristocrats on the **TSX** or companies that have managed to increase payouts for 25 straight years or more.

Increasing dividends for such a long time indicates the company has strong fundamentals. Generally, dividends are among the first cuts that organizations eye in a market slowdown. In 2020, several companies in the energy and retail space cut or entirely suspended dividends shortly after the COVID-19 pandemic decimated the global economy.

Enbridge is a diversified energy infrastructure giant

It is difficult to exclude **Enbridge** (TSX:ENB)(NYSE:ENB) from your list of dividend stocks given its juicy forward yield of 8.9%. Canada's energy infrastructure heavyweight has increased dividends at an annual rate of 11% since 1995.

The company aims to keep its payout ratio within 65% allowing it to increase dividends at an annual rate of between 5% and 7% in the foreseeable future. Enbridge has an investment-grade balance sheet which means it will continue to generate a steady stream of cash flows making a dividend cut highly unlikely.

Enbridge has shown solid resiliency in the last few months where oil prices have plunged to multi-year lows. It also continues to invest heavily in the renewable energy space which will be a long-term revenue driver for the company.

Enbridge transports 65% of the crude oil and liquids exported from Canada and 19% of natural gas consumed in the U.S. Despite a decline in volume, it increased distributable cash flow (DCF) by 5.5% in Q2 and maintained guidance for 2020.

Canadian Utilities has a forward yield of 5.6%

The next stock on the list is **Canadian Utilities** (TSX:CU), a company that has increased dividends for 47 consecutive years. Canadian Utilities provides services in the utilities, energy infrastructure, and retail energy verticals.

It generates around 95% of sales from regulated utilities and the rest come from contracted assets. With over $20 billion in assets, CU is one of the safest dividend stocks on the TSX. Its rate-regulated business ensures low volatility and a regular income stream. Further, its steady rate base growth and a focus on cost efficiencies have enabled the company to increase dividends at a steady rate.

In the two decades, CU has increased dividends at an annual rate of 6.6%. For example, if you invested $10,000 in this stock back in 2000 you could have purchased 1,081 shares. If you exclude dividends, your investment would have ballooned to $35,000 today.

CU paid a dividend of $0.45 per share in 2000 which means you would have generated $486.5 in dividend payouts given your investment of $10,000 and these payments would have risen to $1,882/year in 2020.

CU has the longest record of dividend increases among Canadian companies. Its recession-proof business and steady cash flows make Canadian Utilities one of the top dividend bets for 2020 and beyond.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

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2. TSX:CU (Canadian Utilities Limited)
3. TSX:ENB (Enbridge Inc.)

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