3 TSX Dividend Aristocrats to Buy and Hold Forever

Description

Dividend-paying stocks are looking attractive amid a record low-interest-rate environment. These dividend-paying companies offer high yields and have the ability to generate robust cash flows, implying that their dividends could continue to grow in the coming years and help investors build a strong retirement fund over time.

We'll look at three Dividend Aristocrats listed on the **TSX** that have been consistently increasing their dividends for a long period, reflecting the strength of their underlying businesses.

Canadian Utilities: 48 years of annual dividend increases

Canadian Utilities (TSX:CU) has the longest track record of annual dividend increases by any publicly listed Canadian company. The utility giant has uninterruptedly raised its common share dividends for 48 years in a row and could continue to increase them further in the coming years.

Canadian Utilities's strong dividend track record reflects its ability to consistently generate high-quality earnings, thanks to its continued investments in the regulated and long-term contracted assets. Over the past eight years, Canadian Utilities invested over $12 billion in regulated assets, laying the foundation for a strong regulated earnings base, which should drive its future dividends.

Investors should note that Canadian Utilities derives 95% of its total earnings from regulated utility assets. Moreover, from 2020 to 2022, the company plans to invest $3.5 billion in regulated and long-term contracted assets, strengthening its regulated earnings base and supporting dividend growth.

Canadian Utilities pays a quarterly dividend of $0.44 per share, reflecting a high dividend yield of 5.5%.

Fortis: 47 years of annual dividend increases

Fortis (TSX:FTS)(NYSE:FTS) has increased its annual dividends for 47 years in a row, reflecting its strong regulated earnings base. The company generates about 99% of its earnings from the rate-regulated utility assets, which continues to drive its dividend growth.

As Fortis continues to expand through continued investments in infrastructure, its rate base is projected to increase and support its payouts. Fortis expects its rate base to increase by $10 billion and reach $40.3 billion over the next five years, which is likely to drive a 6% growth in its annual dividends during the same period.

Moreover, its strategic acquisitions and expansion of renewable power business should further support its dividends. Fortis pays a quarterly dividend of $0.51 per share, reflecting an annual yield of 3.7%.

Enbridge: 25 years of annual dividend increases

Enbridge (TSX:ENB)(NYSE:ENB) has consistently boosted shareholders' returns through consistent dividend growth. The energy infrastructure company has been paying dividends since it went public in 1953. Moreover, it has increased its dividends for 25 years in a row at a CAGR (compound annual growth rate) of a stellar 11%.

Enbridge's diversified revenue streams and long-term contractual arrangements have helped the company to generate utility like predictable cash flows and drove its dividend growth. Notably, its dividend-growth rate accelerated over the past decade and increased at a CAGR of 14%.

Despite the challenges from the coronavirus pandemic, its core business remains strong and supports its distributable cash flows, implying that its payouts are safe.

With a significant year-to-date decline in its stock, Enbridge offers good value and pays a quarterly dividend of $0.81 per share, reflecting an annual yield of 8.2%.

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2. NYSE:FTS (Fortis Inc.)
3. TSX:CU (Canadian Utilities Limited)
4. TSX:ENB (Enbridge Inc.)
5. TSX:FTS (Fortis Inc.)

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snahata