



3 Top Canadian Dividend Stocks to Buy Ahead of 2021

Description

For many investors, dividend-paying stocks remain attractive due to the stable dividend payouts. In today's low interest rate environment, owning a handful of dividend stocks that pay stable and uninterrupted dividends is very attractive. Here are three of the best Canadian dividend stocks to buy ahead of 2021.

National Bank of Canada

One of the best Canadian dividend stocks to buy now is **National Bank of Canada** ([TSX:NA](#)) — the sixth-largest bank in Canada. Its key market is Quebec, with 62% of its revenue coming from that province, but the bank has spread to the rest of the country in recent years. Being a smaller bank than the Big Five, National Bank has managed to grow by focusing on its capital market and wealth management segments.

As a small bank, National Bank can adopt strategies and changes a little faster than bigger banks. For example, National Bank opened private banking branches in Western Canada to take advantage of additional growth. The bank also relies on new technologies to serve younger customers and improve business efficiency.

Due to the global COVID-19 pandemic, it is unlikely we'll see a dividend increase until the start of 2022. However, with a dividend yield of almost 4%, dividend investors can invest in the bank. national level and wait for a possible dividend increase. National Bank has increased its dividend for 10 straight years. Its five-year dividend-growth rate is 7.2%. National Bank stock is quite cheap with a P/E of 12.6.

Canadian National Railway

Canadian National Railway ([TSX:CNR](#))([NYSE:CNI](#)) is engaged in the rail industry and related transportation. The company's network of approximately 20,000 miles of track spans Canada and central America.

CNR is very diversified. No particular product line accounted for more than 25% of total sales. And the company has one of the lowest operating ratios of any publicly traded American railroad.

CNR has a dividend yield of only 1.6%, but the company has experienced a relatively high dividend-growth rate over the past five years (16.5%). CNR has increased its dividend for the past 24 years. Although rail is not frequently used for passenger travel here in North America, rail remains the most efficient way to transport goods. CNR's extensive rail network will allow the company to provide transportation services in North America and generate profits for shareholders.

If we look at CNR's 10-year history of dividend growth, the company has increased dividends by an average of 15.6%. It is an impressive achievement. The overall stock dividend yield has been less than 2% over the past 10 years. This means that if you had bought the stock 10 years ago, you would be looking at a high share price appreciation as well as a solid return on cost. CNR stock has a P/E ratio of 29.1.

Telus

Telus ([TSX:T](#))([NYSE:TU](#)) is one of the Big Three Canadian telecommunications companies based in Vancouver, British Columbia. The company offers a range of telecommunications services and products, including wireless and wired voice and data. [Telus](#) has around 11 million subscribers and has increased its dividend almost every year since 2002.

Canadians are huge consumers of smartphones and data. This will allow Telus to continue to make huge profits.

Telus currently has a dividend yield of 4.5%. The company has raised its dividend for 16 straight years. Its dividend-growth rate over five years is 8.2%.

In May 2019, [Telus announced it would target semi-annual dividend increases](#), with an annual increase from 7-10% from 2020 to the end of 2022. Telus has a P/E of 24.5.

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