3 Dividend Aristocrats You Can Count On in 2021

Description

A high-quality dividend stock could help you create a significant amount of wealth over time, thanks to the power of compounding. Here, we'll take a look at three TSX-listed companies that have raised their dividends aggressively and have a high-quality earnings base that could help them grow their dividends at a faster rate compared to most of their peers.

Toronto-Dominion Bank

Toronto-Dominion Bank (TSX:TD)(NYSE:TD) is a top dividend stock to own. The Canadian banking giant has been continuously paying dividends for 164 years. It has raised its dividends at a CAGR (compound annual growth rate) of about 10% over the last 10 years, which is higher than most of its peers.

For instance, **Bank of Montreal** has increased its dividends at a CAGR of 6%, while **Bank of Nova Scotia** raised its dividends at a CAGR of about 8% during the same period.

With the economic reopening, an uptick in loans and deposit volumes, expected improvement in the provisions for credit losses, and cost-reduction measures, Toronto-Dominion Bank could deliver high-quality earnings in 2021 and beyond, which is likely to support its high dividend-growth rate. Moreover, the bank's low payout ratio is sustainable in the long run.

Toronto-Dominion Bank pays a quarterly dividend of $0.79 per share, translating into a dividend yield of 4.4%.

Algonquin Power & Utilities

Algonquin Power & Utilities (TSX:AQN)(NYSE:AQN) is another top dividend stock you can rely upon in 2021. The company's diversified utility assets and resilient renewable power business drives its cash flows and, in turn, its dividends. Moreover, long-term power-purchase agreements further cushion its payouts.

The utility company has increased its dividends at an annual rate of 10% over the past 10 years and could continue to increase it at a similar pace over the coming years, thanks to its high-quality earnings base supported by regulated utility assets base.

In comparison, utility giant **Fortis** projects a 6% annual growth in its dividends through 2025. Meanwhile, **Canadian Utilities's** dividends are likely to increase at a low- to mid-single-digit rate.

Algonquin Power & Utilities's continued investments in the regulated assets, expansion of the renewable power business, and strategic acquisitions position it well to deliver robust cash flows in 2021 and beyond and drive its growth. The company pays a $0.16 per share, reflecting a yield of 4%.

TC Energy

With its high-quality asset base and diverse revenue streams, **TC Energy** (TSX:TRP)(NYSE:TRP) could continue to boost shareholders' returns through higher dividends. TC Energy's business remained relatively immune amid the pandemic and recorded a high utilization rate.

The company generates earnings from businesses that are either regulated or backed by long-term contractual arrangements, implying that its dividends are pretty safe and could continue to increase faster than peers.

TC Energy's annual dividends have increased at a CAGR of 7% since 2000. Meanwhile, it expects its 2021 dividends to grow by 8-10%, which is likely to be higher than its peers, including **Pembina Pipeline** and **Enbridge**. Notably, Pembina's dividends have grown at a CAGR of 6.5% over the past five years. Meanwhile, Enbridge has recently announced a 3% hike in its annual dividends. Further, TC Energy projects a 5-7% increase in its dividends beyond 2021.

TC Energy pays a quarterly dividend of $0.81 per share, reflecting a high yield of 5.7%.

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1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:TD (The Toronto-Dominion Bank)
3. NYSE:TRP (Tc Energy)
4. TSX:AQN (Algonquin Power & Utilities Corp.)

5. TSX:TD (The Toronto-Dominion Bank)
6. TSX:TRP (TC Energy Corporation)

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