



2 Top Dividend Stocks to Buy in December

Description

While tech stocks have dominated the headlines in 2020, dividend stocks have been the faithful mainstay that have kept Canadian investors sane and secure this year. I don't know about you, but I love stocks with strong-enough businesses that they can regularly return cash to shareholders and still grow.

I love Canadian dividend stocks

Tech stocks get a lot of hype and often fly to the moon. Yet, [dividend stocks](#) are like a comforting steward/stewardess, handing out drinks and snacks on the way there. When the market hits a little turbulence, their kind reassurance is there to top-up your glass and assure you that you will meet your goals safely.

Corny analogies aside, I love dividend stocks and I think every Canadian investor should own at least a few. Here are two top Canadian dividend stocks that are great buy in December and a perfect hold over the next decade.

This dividend stock is true comfort

The first dividend stock every Canadian should think about owning is **Algonquin Power** ([TSX:AQN](#))([NYSE:AQN](#)). As a diversified utility and renewable power producer, it hardly sounds like an exciting opportunity. Yet, that is exactly why I like it. As well, 70% of its business is derived from its regulated water, electricity, and natural gas distribution businesses. These are essential services. Regardless of economic or market conditions, society needs these services, so demand is always stable.

The remainder of its business is focused on operating and developing green energy projects across North America. It currently has 2GW of in-operation solar, hydro, and wind power production. It has over 2GW of green energy capacity in its development pipeline as well.

The company just laid-out its new five-year US\$9.4 billion capital plan and it looks exciting.

Management anticipates growing earnings per share (EPS) by a compound annual growth rate (CAGR) of 8-10% over the next five years. The stock already pays an attractive ~4% dividend, but investors can expect that to grow in-line with EPS expansion. This is a boring utility with exciting growth ahead. That is why I am all-in before the New Year.

A stock that keeps looking better and better

Telus ([TSX:T](#))([NYSE:TU](#)) is another dividend stock I am betting on for a strong year in 2021. Like Algonquin Power, at first glance, Telus doesn't seem all that exciting. It's a telecom business that operates in a generally very saturated market in Canada. However, over the past few years Telus has been doing all the right things.

It has invested heavily in its infrastructure. Telus boasts some of the fastest network speeds amongst peers across the world. Similarly, it has found a way to tack on value added services and products onto its basic plans. All that means, higher overall spend per customer. Telus should benefit from higher sales as it [rolls out broader 5G products and services](#).

What is exciting is all the new growth initiatives Telus is investing in. It has Telus Health, which is Canada's largest virtual healthcare provider. Telehealth stocks have seen a massive bid since the pandemic, but Telus' stock hardly reflects this in its price. This dividend stock is also preparing to spin-off its digital services business, Telus International. Many analysts believe this will be highly accretive for shareholders.

Finally, Telus continue to invest in other digital verticals such as agriculture, artificial intelligence, and the internet of things. This stock pays an attractive 4.9% dividend. It just raised its payout by 7%. Given the above, the dividend and future catalysts make this a great stock to buy in December and own for a very long time.

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