3 Top Canadian Dividend Stocks to Buy in 2021

### Description

Since bonds offer very low yields, owning dividend stocks that pay stable dividends is very attractive. It's a great way to earn income in any market environment. **Fortis** (TSX:FTS)(NYSE:FTS), **Royal Bank of Canada** (TSX:RY)(NYSE:RY), and **TC Energy** (TSX:TRP) are three top Canadian dividend stocks to buy in 2021. They are some of the most reliable dividend stocks in the country. Let's take a closer look at each of these top dividend stocks.



## Fortis

Fortis is the largest utility company in Canada. This is a top dividend stock to own in our current environment of uncertainty.

The United States represents approximately 60% of Fortis' business, while Canada represents the remaining 40%.

Fortis assets can be divided into electrical infrastructure, gas and unregulated energy. It operates through 10 utility companies such as ITC, UNS Energy, Fortis Alberta, and Fortis BC. Fortis serves utility customers in five Canadian provinces, nine U.S. states and three Caribbean countries.

The company is known for its highly regulated, low risk and diversified utility business.

Fortis has raised its dividend for 46 consecutive years – that's impressive. Until 2024, Fortis plans to increase dividend by 6% per year – in line with historical averages. Besides strong dividend growth, the dividend yield of 3.6% is quite interesting. Fortis has a payout ratio of 72%.

## Royal Bank of Canada

Royal Bank of Canada is the largest bank in Canada with over 620,000 customers. This bank is consistently among the best performing Big Five banks.

If we look at Royal Bank's earnings, 45% come from personal and commercial banking, 24% from financial markets, 19% from wealth management, 7% from insurance, and 5% from investor and treasury services.

Royal Bank has been paying dividends since 1870 and has never failed to pay dividends since. That's quite impressive. The bank has a nine-year dividend growth streak. And dividend investors can count on Royal Bank to keep paying dividends, whether we are in a bull or a bear market.

Like the other Canadian banks, Royal Bank likely won't increase dividends this year due to the global pandemic. But Royal Bank is the best positioned to do so. Indeed, its payout ratio of 54.9% is the lowest among its peers. Given its high dividend yield of 4.4%, we can afford to wait for a dividend increase.

## TC Energy

TC Energy is among the best pipelines in Canada. It supplies more than 25% of the natural gas consumed daily in North America.

The company has a strong portfolio of diversified assets, storage facilities and power plants and operates one of the largest gas pipeline systems in North America spanning more than 57,500 miles.



TC Energy operates three complementary energy infrastructure businesses across the United States, Canada and Mexico. TC's assets can be divided into nuclear, natural gas and wind. The company has access to two of North America's most prolific natural gas supply basins.

With over 65 years of service, TC Energy is known for delivering energy in a safe and sustainable manner. Low-risk regulated and long-term contracted assets differentiate TC Energy from its peers.

TC Energy has increased its dividend for 19 straight years. The dividend yield of 6% is quite attractive. The company's 67% payout ratio is among the best in the industry. TC Energy is undoubtedly one of the best dividend stocks to buy.

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1. Bank Stocks
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2. NYSE:RY (Royal Bank of Canada)
3. TSX:FTS (Fortis Inc.)
4. TSX:RY (Royal Bank of Canada)
5. TSX:TRP (TC Energy Corporation)

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**Date**
2025/08/23
**Date Created**
2021/01/11
**Author**
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