3 TSX Dividend Stocks to Buy Now and Hold Forever

Description

Dividend stocks are the best way to generate a passive-income stream for a lifetime. However, only a few TSX-listed stocks have the potential to consistently increase their dividends in the coming years. So, if you plan to invest in top income stocks, consider buying these Canadian Dividend Aristocrats.

TC Energy

TC Energy (TSX:TRP)(NYSE:TRP) generates high-quality earnings, thanks to its diversified assets that are either regulated or have long-term contracts. The company's ability to consistently generate higher earnings and its resilient cash flows supports its dividend payouts.

Over the past 20 years, TC Energy's annual dividends have grown at a compound annual growth rate (CAGR) of 7%. Meanwhile, the company projects its dividends to increase by 8-10% in 2021 and 5-7% after that.

TC Energy's strong dividend outlook indicates the strength of its base business and its continued investment in energy infrastructure assets that generates stellar cash flows. TC Energy's $37 billion capital growth program positions it well to drive its earnings and dividends in the coming years. Moreover, its contractual arrangements suggest that its payouts are very safe. TC Energy pays a quarterly dividend of $0.81 a share, reflecting a juicy yield of 6%.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) has consistently paid and raised its dividends over the past several years, thanks to its resilient cash flows. Despite significant challenges from the pandemic, Enbridge raised its dividend by 3%, reflecting 26 consecutive years of dividend growth. Moreover, it has consistently paid dividends for about 65 years.

The energy company pays an annual dividend of $3.34, reflecting a high yield of 7.9%. Enbridge's safe and high yield makes it a top income stock amid low interest rates.

The company's diversified revenue sources, strong cash flows and secure projects are likely to drive its distributable cash flow (DCF) per share in the coming years. Enbridge projects its DCF per share to increase by 5-7% annually through 2023, suggesting investors could expect the company to continue to raise its dividends in the coming years.

Meanwhile, Enbridge's focus on lowering its carbon intensity, a gradual transition towards the low-risk utility like commercial business model, and assets footprint across conventional and renewable energy sources positions it well to deliver strong cash flows and higher dividends.

Fortis

Utility giant **Fortis** (TSX:FTS)(NYSE:FTS) is one of the best stocks to generate a growing passive income without risking much. The Dividend Aristocrat derives almost all of its earnings from the regulated utility assets and generates predictable cash flows.

Notably, the company has raised its annual dividends for 47 years in a row and remains well positioned to increase it further over the next several years.

Fortis projects its rate base to increase by 6% annually through 2025, which is likely to drive its earnings and distributable cash flows. Meanwhile, it expects its dividends to grow at an average annual rate of 6% over the next five years.

The company's resilient business, strong balance sheet, and ability to generate robust cash flows make it a top dividend-paying stock listed on the TSX. Currently, Fortis pays an annual dividend of $2.02 a share, reflecting a yield of 4%.

Final thoughts

These Dividend Aristocrats have businesses that consistently generate robust cash flows and drive their higher dividend payments. A $10,000 investment in each of these stocks would generate a dividend income of $1,790/year. Moreover, investors could expect this dividend income to increase with each passing year.

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snahata