3 Top TSX Dividend Aristocrats to Buy and Hold Forever

Description

I believe the low interest rates are here to stay for a long period, as the government focuses on stimulating economic growth and driving a recovery. Amid lower rates, investment products offering fixed interest rates (like term deposits and GICs) are losing their sheen and are looking unattractive. However, you can still earn higher yields from stocks that have been paying dividends for a long time.

We'll focus on stocks that have paid and raised their dividends for more than 25 years. These companies have resilient cash flows, suggesting that they could continue increasing them in the coming years.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) has paid dividends for more than 66 years and has increased them for 26 consecutive years. Its robust dividend payment is backed by its diversified cash flow streams and continued strength in its core business.

Enbridge projects its distributable cash flow per share to increase by 5-7% annually over the next three years, implying investors could expect the company's dividend to grow at a mid-single-digit rate during the same period. The expected improvement in its mainline throughput, multi-billion-dollar capital growth program, and productivity and cost savings are likely to cushion its cash flows and, in turn, its dividends in the coming years.

Further, Enbridge's focus on renewable energy sources and diversified revenue sources augurs well for dividend growth. The Dividend Aristocrat offers a stellar yield of over 7.6%.

Fortis

Utility giant **Fortis** (TSX:FTS)(NYSE:FTS) has increased its dividends for 47 years, thanks to its rate-regulated assets that generate predictable and growing cash flows. Notably, 82% of the company's revenues are protected by regulatory mechanisms or residential sales, which add stability and support its dividend payouts.

Fortis's continued focus on increasing its rate base is likely to drive its earnings and dividends in the future. The company expects its rate base to increase by $10 billion over the next five years, which would lead to a 6% growth in its annual dividend through 2025.

Its low-risk business, rate base growth, accretive acquisitions, and continued investments in renewable power position it well to continue to boost its shareholders' returns through higher dividend payments. At the current price levels, Fortis offers a dividend yield of 3.9%.

Canadian Utilities

Canadian Utilities (TSX:CU) has raised its dividend every year over the past 48 years, thanks to its regulated and contracted earnings base. The company generates about 95% of its earnings from the regulated utility assets that provide a strong foundation for earnings and dividend growth.

The company invested over $12 billion in the regulated assets over the past eight years, which has driven its high-quality earnings base. Moreover, it projects to invest $3.4 billion in regulated utilities through 2022, which suggests that its dividends could continue to grow at a decent pace during the same period. Canadian Utilities pays a quarterly dividend of $0.44 a share, reflecting a stellar yield of 5.4%.

Bottom line

These Canadian companies have uninterruptedly raised their dividends for more than 25 years and remain well-positioned to increase it further in the future. Thanks to their resilient cash flows and growth opportunities, shares of these companies are a must-have in your income portfolio.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks
4. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:FTS (Fortis Inc.)
3. TSX:CU (Canadian Utilities Limited)
4. TSX:ENB (Enbridge Inc.)
5. TSX:FTS (Fortis Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks
4. Investing

Date
2025/08/26
Date Created
2021/01/26
Author
snahata