The 3 Best Dividend Aristocrats to Buy Under $50 in February

Description

Investors looking for top dividend stocks could consider buying the shares of **Enbridge** (TSX:ENB)(NYSE:ENB), **Canadian Utilities** (TSX:CU), and **Algonquin Power & Utilities** (TSX:AQN)(NYSE:AQN). These dividend-paying TSX stocks have resilient cash flows that drive the higher dividend payments. Further, shares of these Dividend Aristocrats are trading under $50.

Algonquin Power & Utilities

Algonquin Power & Utilities stock has appreciated by over 80% in the last three years and has handily outperformed the benchmark index. The utility company has also paid and increased its dividends at a compound annual growth rate (CAGR) of 10% in the past 10 years.

The company projects its rate base to grow at a CAGR of more than 11% over the next five years, which could drive its regulated earnings and support its overall profitability and dividend payments. Algonquin Power & Utilities expects its adjusted EBITDA to grow at a CAGR of 15% in the next five years. Furthermore, its EPS is forecasted to increase by 8-10% during the same period.

Notably, the company's majority of the power output is contracted. These contracts have a weighted average life of about 13 years. Algonquin Power & Utilities's low-risk utility business, contracted assets, and rate base growth is likely to drive its dividends in the coming years. Currently, Algonquin Power & Utilities offers a decent dividend yield of 3.8%.

Enbridge

Enbridge has uninterruptedly paid dividends for over 66 years. Meanwhile, it has raised the same over the last 26 consecutive years. Enbridge's diversified revenue streams, momentum in the core business, and contractual arrangements drive its distributable cash flow (DCF) per share and support its dividend payments.

Enbridge is expected to benefit from the recovery in energy demand, which is likely to drive its mainline throughput volumes. Further, the momentum in its renewable power and gas business is likely to sustain. Enbridge's capital growth program and productivity and cost-savings measures are expected to support its DCF per share.

The company projects 5-7% growth in its DCF per share annually in the next three years, implying investors could expect its dividend to increase at a similar pace. It currently offers a dividend yield of 7.8%.

Canadian Utilities

Canadian Utilities has paid and raised its dividends for 48 years in a row. Its high-quality earnings base suggests that the company could continue to increase its dividends further in the future.

Canadian Utilities derives almost all of its earnings from the regulated utility business and continues to invest in regulated assets, which provides a strong base for dividend growth and suggests that its payouts are very safe.

The company's ongoing cost efficiencies and continued rate-based growth across the utilities are likely to drive its high-quality earnings base. The utility giant currently pays an annual dividend of $1.76 a share, reflecting a yield of 5.6%.

Bottom line

These Canadian companies have consistently increased their dividends for 10 years or more and are well positioned to hike it further over the next decade. These stocks are also offering high yields at the current price levels amid a lower interest rate environment.

CATEGORY

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TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:CU (Canadian Utilities Limited)
5. TSX:ENB (Enbridge Inc.)

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