



5 TSX Dividend Stocks to Buy Now and Hold Forever

Description

Looking for dividend stocks that could generate a passive-income flow for a lifetime? A few **TSX** Dividend Aristocrats have the potential to maintain and grow their dividends over the coming years, thanks to their resilient cash flows. I have selected five top income stocks that have uninterruptedly paid dividends for over 20 years and offer high yields at the current price levels.

Canadian Utilities

Canadian Utilities ([TSX:CU](#)) has the longest history of consistently increasing its dividends among all publicly listed Canadian companies. Meanwhile, it offers a dividend yield of 5.6% and has raised its dividends for 48 years in a row. Moreover, it could continue to increase it in the coming years, thanks to its high-quality earnings base and predictable cash flows.

Its regulated assets generate stable cash flows that support higher dividend payouts. Meanwhile, Canadian Utilities's investments in the contracted or regulated assets drive its high-quality earnings base and, in turn, its dividend payouts. Its rate base growth and ongoing cost efficiencies are expected to cushion its profitability and cash flows.

Bank of Montreal

Bank of Montreal ([TSX:BMO](#))([NYSE:BMO](#)) has been paying dividends for 192 years, which is incredible. Further, BMO's dividends have grown at a CAGR (compound annual growth rate) of 6% in the last 15 years, while offering a yield of 4.3%.

Bank of Montreal's ability to grow loans and deposits, high-quality assets, and focus on lowering non-interest expenses continues to [drive its earnings](#) and, in turn, its dividend payouts. The reopening of the economy and loan growth is likely to drive strong earnings growth in 2021. Moreover, the decline in credit provisions is expected to cushion its earnings and support higher dividend payments and share repurchases.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) has increased its dividends at a compound annual growth rate (CAGR) of 10% over the last 26 years. Further, it has paid dividends for over 66 years, thanks to its ability to generate strong cash flows from diversified revenue sources.

Enbridge offers a [high dividend yield](#) of 7.4% and projects its distributable cash flow (DCF) to increase by 5-7% annually over the coming years, implying that investors could expect the company to hike its dividend at a similar rate during the same period. Enbridge's diversified business, contractual arrangements, secured capital program, cost-saving measures, and recovery in mainline volumes provide a solid base for growth and are likely to drive its dividends in the future.

Fortis

Fortis's ([TSX:FTS](#))([NYSE:FTS](#)) rate-regulated business delivers predictable and growing cash flows, supporting its higher dividend payments. Notably, the company has increased its dividends for the last 47 years and remains on track to increase it further on strong rate base growth.

Fortis expects its rate base to increase at a CAGR of 6% over the next five years. Further, it projects a 6% annual growth in its dividends during the same period. The Dividend Aristocrat currently offers a decent yield of 3.9%.

Scotiabank

Scotiabank's ([TSX:BNS](#))([NYSE:BNS](#)) dividends have grown at a CAGR of 6% over the last 10 years. Moreover, Scotiabank has been paying dividends since 1833. Scotiabank's high-quality earnings base and exposure to high-growth markets provide a strong base for earnings growth and drives higher dividend payments.

The economic expansion and recovery in customer demand are likely to drive Scotiabank's revenues. Further, lower provisions are likely to fuel earnings growth and drive higher dividends. Currently, Scotiabank offers a yield of 5.1%.

Final thoughts

On average, these companies offer a yield of 5.3%, implying that \$10,000 invested in each of these Dividend Aristocrats would generate a passive income of \$2,650/year. Further, you could expect this income to increase in the coming years, thanks to their resilient cash flows.

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TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. NYSE:BNS (The Bank of Nova Scotia)
3. NYSE:ENB (Enbridge Inc.)
4. NYSE:FTS (Fortis Inc.)
5. TSX:BMO (Bank Of Montreal)
6. TSX:BNS (Bank Of Nova Scotia)
7. TSX:CU (Canadian Utilities Limited)
8. TSX:ENB (Enbridge Inc.)
9. TSX:FTS (Fortis Inc.)

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