



Canadian Stocks: 2 Dividend Aristocrats to Buy in February!

Description

There's no question that there is a tonne of optimism in markets these days. At the same time, though, there is just as much risk and uncertainty. This is making it very difficult to pick which Canadian stocks you want to own.

Any time there is a lot of risk and uncertainty, a great way to offset this is buying high-quality dividend stocks. Companies don't usually start to pay a dividend unless they are profitable and have extra cash to return to shareholders.

These businesses are generally well established and have resilient operations. That's why they are great for passive-income seekers. The best dividend stocks to buy, though, can be found on the Canadian Dividend Aristocrats list.

Dividend Aristocrats consist of dividend-paying stocks that have increased their payouts to investors for at least five consecutive years.

These investments are attractive, of course, for the increasing dividend payments. But it's also a way to weed out companies that may not be as strong. Most often, Dividend Aristocrats will have robust earnings and strong long-term growth prospects. This is what makes them so attractive, especially during times of heightened uncertainty like today.

So, with that being said, here are two of the top Dividend Aristocrats to buy today.

Top Canadian telecom stock

The first Canadian Dividend Aristocrat stock I would suggest investors consider is **BCE** ([TSX:BCE](#))([NYSE:BCE](#)). BCE is the largest Canadian telecom stock — an excellent industry for long-term investments. Telecoms are so attractive because the industry has quickly become a staple, and there is a tonne of long-term growth potential.

BCE just reported earnings last week, giving investors a glimpse into management's outlook going

forward. The dividend was also increased again. This was not a surprise, given BCE is a top Dividend Aristocrat. The only question was how much it would increase the dividend.

BCE decided to increase it by 5%. It's also increasing its capital expenditures in 2021 as well.

Although we are still in the pandemic, the company is forward-looking. So, it's crucial to make these capital investments now to continue to grow shareholder value.

With [5G technology](#) increasingly becoming more popular, the big telecom stocks are in an arms race to build out their new infrastructure. So, it's a major positive that BCE has enough cash flow to simultaneously increase its dividend and capital expenditures.

Currently, its dividend yields a whopping 6.3%. That, coupled with BCE's incredible long-term potential, makes it an ideal Canadian stock to buy today.

The oldest Canadian Dividend Aristocrat

While telecom stocks are great dividend stocks, one industry that's even better is utilities stocks. So, it's no surprise that **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) is the oldest Dividend Aristocrat in Canada.

The ultra-safe Canadian stock has increased its dividend for a whopping years 47 consecutive years. This long-term and consistent growth from a stable company is exactly why Fortis is a favourite among dividend investors.

And because investors know the business is so robust, the stock tends to be much less volatile than the rest of the broader market. So, in addition to growing your money long term, an investment in Fortis can also [protect your capital](#). That's why the stock is so popular, especially during times of heightened volatility.

Currently, its dividend yields 3.9% — a fair amount for a stock that can protect your money and offer consistent long-term capital gains growth.

Bottom line

The whole market is focused on the recovery from the coronavirus pandemic. There are several opportunities for investors with stocks that are still recovering.

However, I'd caution against selling your defensive Canadian stocks just yet. These stocks can go a long way in protecting your portfolio should we see another correction.

So, on top of the cheap, high-potential recovery stocks to own today, I'd make sure to have some high-quality Dividend Aristocrats, too.

CATEGORY

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Date

2025/08/23

Date Created

2021/02/10

Author

danieldacosta

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