The 5 Best Dividend Stocks to Buy & Hold for the Next 5 Years

Description

The decline in interest rates has made dividend stocks attractive for investors seeking predictable earnings. However, only a few TSX-listed dividend stocks are likely to increase their dividends over the coming years. We'll focus on five TSX stocks that are most likely to raise their dividends in the next five years.

TC Energy

With its growing asset base and multi-billion-dollar secured capital program, **TC Energy** (TSX:TRP)(NYSE:TRP) could continue to deliver strong earnings and cash flows that are likely to drive its dividends. TC Energy owns high-quality assets that are either regulated or backed by long-term contracts. Its low-risk portfolio makes it immune to the short-term volatility in volumes and pricing. Meanwhile, its utilization rate remains high.

TC Energy offers a high yield of 6% and has raised its dividends at a CAGR (compound annual growth rate) of 7% in the last 20 years. Moreover, it projects 8-10% growth in its dividends for 2021. Further, TC Energy forecasts a 5-7% hike in its annual dividends beyond 2021.

Fortis

Fortis's (TSX:FTS)(NYSE:FTS) rate-regulated utility business and continued rate base growth suggests that the company could continue to increase its dividends at a healthy pace over the next five years. The company's 99% of the earnings come from regulated utility business, implying that its payouts are very safe.

Fortis has increased its dividends for the last 47 years and projects continued growth in its base, which is likely to drive its earnings and dividends in the future. The company expects its rate base to reach $40 billion over the next five years, reflecting a CAGR of 6%. Thanks to its growing rate base growth, Fortis expects its dividend to increase by 6% annually through 2025.

Algonquin Power & Utilities

Algonquin Power & Utilities (TSX:AQN)(NYSE:AQN) uninterruptedly hiked its dividends at a CAGR of 10% over the last decade, thanks to its high-quality earnings base and growing cash flows. Notably, the majority of its output is backed by long-term contracts. Meanwhile, the company projects continued growth in its rate base, suggesting that its dividends are likely to increase at a healthy rate.

Algonquin Power & Utilities forecasts its rate base to increase at a CAGR of 11.2% in the next five years and expects its dividend to increase by 10% in 2021. The company projects double-digit growth in its EBITDA. Meanwhile, its EPS is likely to increase by 8-10%, driving its future payouts.

Canadian Utilities

Canadian Utilities (TSX:CU) has hiked its dividends for 48 years and could continue to lift it in the coming years, thanks to its regulated earnings base. It derives 95% of its earnings from the utility assets that are regulated and generate predictable and growing cash flows.

Canadian Utilities continues to invest the contracted and regulated assets that are likely to drive its high-quality earnings base and, in turn, its future dividends. The utility giant currently offers a high yield of 5.6%, which is safe.

Enbridge

Energy infrastructure giant **Enbridge** (TSX:ENB)(NYSE:ENB) has hiked its dividend for 26 consecutive years and could continue to hike it in the coming years, thanks to its low-risk, diversified, and highly contracted business. Moreover, its payouts (60-70% of distributable cash flow) are sustainable in the long run.

Enbridge projects a 5-7% average long-term annual growth in its distributable cash flow (DCF) per share. Meanwhile, it intends to hike its dividends at a rate equivalent to the DCF per share growth. At current price levels, Enbridge offers a very high yield of over 7%.

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3. NYSE:FTS (Fortis Inc.)
4. NYSE:TRP (Tc Energy)
5. TSX:AQN (Algonquin Power & Utilities Corp.)

6. TSX:CU (Canadian Utilities Limited)
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8. TSX:FTS (Fortis Inc.)
9. TSX:TRP (TC Energy Corporation)

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