



3 Best Canadian Dividend Stocks to Buy and Hold Forever

Description

Investing in top dividend stocks could help you generate a stable passive-income flow for a lifetime. Few Canadian public companies have steady earnings growth potential, implying that they could continue to boost shareholders' returns through higher dividend payments.

Investors looking for the best income stocks could consider buying the shares of these TSX-listed Dividend Aristocrats right now.

Bank of Montreal

Established in 1817, **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) has paid dividends for 192 years, which is the longest-running dividend-payout record by a Canadian company. Its robust dividend payments are backed by Bank of Montreal's ability to deliver strong earnings growth consistently.

I believe the economic reopening and credit growth are likely to drive Bank of Montreal's top line in 2021 and support its earnings growth. Furthermore, a decrease in provisions for credit losses and operating leverage is likely to cushion its earnings and drive higher dividend payouts.

Bank of Montreal has raised its dividend at a CAGR (compound annual growth rate) of 6% in the last 15 years. I believe, with an improving operating environment and recovery in demand, it could continue to hike its annual dividend at a similar pace in the coming years. Besides its rich dividends, Bank of Montreal stock is also looking attractive on the valuation front.

It is trading at a P/BV ratio of 1.1, which is well below **Royal Bank of Canada's** and **Toronto-Dominion Bank's** trading multiples of 1.9 and 1.5, respectively.

TC Energy

TC Energy ([TSX:TRP](#))([NYSE:TRP](#)) owns high-quality assets that remain immune to the short-term volatility in commodity prices and volumes. Its high-quality earnings come from either regulated or contracted assets, implying that the company's bottom line could continue to increase at a healthy rate and drive higher dividend payments.

Thanks to its resilient business and ability to grow its earnings and cash flows, TC Energy has raised its annual dividend at a CAGR of 7% in the last 20 years. Further, it expects to ramp up its annual dividend by 8-10% this year and 5-7% beyond 2021.

With the continued strength in its base business, higher asset utilization rate, and investments in regulated and contracted assets, TC Energy remains well positioned to generate robust cash flows and could continue to boost its shareholders' returns through higher dividends.

Fortis

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) should be a part of every income investors' portfolio. Its diversified, low-risk, and regulated utility assets deliver predictable and growing cash flows that drive dividend payments. The company has been paying dividends for long and uninterruptedly increased the same for the last 47 years.

Its growing rate base, opportunistic acquisitions, and investment in renewable power business are likely to drive its earnings in the coming years. Fortis expects its rate base to increase at a CAGR of 6% over the next five years and reach \$40 billion. Moreover, it projects its dividends to grow at a similar rate during the same period.

Fortis's high-quality earnings base, resilient cash flows, growing rate base, and robust dividend-paying history make it one of the best dividend-paying stocks listed on the Canadian stocks exchange.

Final thoughts

These companies have paid dividends for long and could continue to do so in the coming years. Notably, a \$10,000 investment in each of these Dividend Aristocrats would generate a dividend income of \$1,395/year. Moreover, you could expect this income to continue to increase with each passing year.

CATEGORY

1. Bank Stocks
2. Coronavirus
3. Dividend Stocks
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TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. NYSE:FTS (Fortis Inc.)

3. NYSE:TRP (Tc Energy)
4. TSX:BMO (Bank Of Montreal)
5. TSX:FTS (Fortis Inc.)
6. TSX:TRP (TC Energy Corporation)

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