



3 Top Canadian Dividend Stocks to Buy in March 2021

Description

If there is one thing I know about the **TSX** stock market, it is that Canadian investors love their dividend stocks! Who can blame them? Who doesn't want to collect passive income every month or every quarter? I love that the stock market is a mechanism where capital can literally work for you.

The key is finding dividend stocks that pay sustainable yields. This especially means finding Canadian stocks with growing cash flows that also support dividend growth. Stronger cash flows generally mean a stronger stock price as well. Here are three top Canadian [dividend stocks](#) that are setting up for a great year in 2021.

This Canadian dividend stock is a toll road for North American energy

TC Energy ([TSX:TRP](#))([NYSE:TRP](#)) is a great Canadian dividend stock investors should think about. It pays a nice 6.23% yield today. TC Energy operates one of North America's largest natural gas pipeline networks. It also has substantial liquids and power businesses. TC's infrastructure is essentially everywhere that natural gas is produced. It handles more than 25% of North America's natural gas.

It's an essential toll road for North American energy producers. As a result, it provides investors with predictable, stable cash flows. Despite losing its much-debated Keystone XL pipeline project, it still has ample (\$20 billion) of organic and expansion growth opportunities. Clearly, management is not too worried about its outlook, considering it just raised its dividend by 7.4%!

This Canadian cyclical stock has more upside

Canadian Natural Resources ([TSX:CNQ](#))([NYSE:CNQ](#)) is a great dividend stock to play a cyclical recovery out of the COVID-19 pandemic. CNQ is one of the only super-major oil producers to not lower its dividend in 2020. It operates very long-life, low-decline assets and produces 1.1 billion barrels of oil and oil equivalent per day.

This is a great stock, because it has mechanized the production of oil, like a factory. Consequently, it is one of the leanest and lowest-cost producers in Canada.

It has a cash flow breakeven point at US\$31 per barrel WTI. With oil steadily rising and hitting over US\$60 per barrel, this top Canadian stock yields an almost 23% free cash flow yield. The stock pays a 4.7% dividend yield today. I imagine aggressive share buybacks could give this stock a boost later this year.

This beat-down dividend stock has long-term tailwinds (literally)

Another top Canadian dividend stock to own is **Algonquin Power** ([TSX:AQN](#))([NYSE:AQN](#)). This stock has actually been on a bit of decline. Due to operational issues related to the Texas snow storms/cold snap, management believes it could see an impact to adjusted core earnings of between \$45 million to \$55 million (approximately 5-6% of total earnings). The company may be able to claim force majeure on its contracts, so some of those losses could be recovered.

While this is concerning, I believe the pullback presents an attractive long-term entry point. Algonquin has a great set of essential utility and renewable power assets. The company has an aggressive growth plan, which it believes should accrete a net earnings per share CAGR of 8-10% until 2025.

Despite being a fairly boring utility, it has an impressive growth trajectory. I believe under the U.S. Biden administration, it could do even better, given its green energy mandate.

This stock pays a 3.8% dividend. Historically, it has grown that dividend by a 10% CAGR since 2010. Given the growth opportunity, it could easily continue that [dividend-growth](#) trajectory for many years to come.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
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TICKERS GLOBAL

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2. NYSE:CNQ (Canadian Natural Resources)
3. NYSE:TRP (Tc Energy)
4. TSX:AQN (Algonquin Power & Utilities Corp.)

5. TSX:CNQ (Canadian Natural Resources Limited)
6. TSX:TRP (TC Energy Corporation)

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