



3 Best Canadian Dividend Stocks to Buy Now and Hold Forever

Description

Top dividend stocks can provide predictable and regular income for a lifetime. Moreover, dividend-paying companies can help you accumulate a significant amount of capital in the long run, thanks to their strong fundamentals, ability to grow earnings, and resilient cash flows.

So, if you plan to invest in dividend stocks, take a look at these three Canadian Dividend Aristocrats, which I believe would help you generate a growing income for a lifetime.

Fortis

Shares of the utility giant **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) are a **must-have** in your income portfolio. It generates its earnings from the rate-regulated utility assets that generate predictable and growing cash flows and support its higher dividend payments.

Notably, Fortis has paid dividends for a very long period and increased the same in the last 47 years in a row. Thanks to its resilient cash flows and growing rate base, the company projects its future dividends to grow by about 6% annually through 2025. Fortis expects its rate base to increase by over \$10 billion, which is expected to drive its high-quality earnings base, in turn, its dividend payouts.

Fortis's resilient business model, robust balance sheet, and continued investments in renewable power, infrastructure, and acquisitions augur well for future growth. Currently, the utility company pays a quarterly dividend of \$0.51 per share, translating into an annual dividend yield of 3.9%.

TC Energy

TC Energy's ([TSX:TRP](#))([NYSE:TRP](#)) low-risk business model and high-quality assets generate a significant amount of earnings and cash flows that support its higher dividend payments. It has paid and increased its dividends at an average annual rate of 7% in the past 21 years and remains on track to consistently hike it further in the future years.

TC Energy generates about 95% of its adjusted EBITDA from the rate-regulated and contracted assets. Meanwhile, \$20 billion secured capital program and robust development portfolio position its

well to deliver robust cash flows and pay higher dividends.

It pays a quarterly dividend of \$0.87 a share, reflecting an annual yield of about 6.0%. Further, TC Energy projects its dividends to increase by 5-7% in the coming years, implying that investors could continue to benefit from its higher dividend payments.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is known for its robust dividend payments. It has been paying dividends for over 65 years and has increased the same at an average annual rate of 10% in the past 26 years, which reflects the resilience of its cash flows.

Enbridge's diversified cash flows and contractual arrangements could continue to drive its distributable cash flow, in turn, its future dividends. Meanwhile, its strong secured capital program and recovery in mainline volumes provide a multi-year growth opportunity for Enbridge. Also, continued momentum in its base business is likely to support its higher dividend payments.

Enbridge expects its distributable cash flow to increase by 5-7% over the next three years, implying that its dividends could grow at a similar rate during the same period. Currently, the pipeline company pays a quarterly dividend of \$0.84 a share, translating into a [high yield](#) of 7.4%.

Final thoughts

These Canadian companies consistently generate strong cash flows and have the ability to increase their dividend payments in the future through continued investment in growth opportunities. Notably, a \$75,500 investment (which is the cumulative Tax-Free Savings Account contribution limit in 2021) in these Dividend Aristocrats would generate a dividend income of \$4,356/year.

CATEGORY

1. Coronavirus
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3. Energy Stocks

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:FTS (Fortis Inc.)
3. NYSE:TRP (Tc Energy)
4. TSX:ENB (Enbridge Inc.)
5. TSX:FTS (Fortis Inc.)
6. TSX:TRP (TC Energy Corporation)

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