3 Top Canadian Dividend Stocks for Income Investors in 2021

Description

Retirees and other income investors have a number of top Canadian dividend stocks to choose from today that appear undervalued and offer attractive dividend yields.

Why Enbridge remains a top Canadian dividend stock for income

In December 2020, Enbridge announced an increase in the quarterly dividend by 3% to $0.835 per share. That was less than the average hike in recent years, but it marked the 26th consecutive annual increase in the payout and sent a positive signal to investors that the business continues to perform well during the pandemic.

Enbridge progressed its $16 billion secure capital program last year and put $1.6 billion of growth projects into service through 2020 and into the start of this year. As new assets are completed, Enbridge sees distributable cash flow (DCF) growing by 5-7% per share through 2023. Dividend increases should be in line with that guidance.

The stock trades near $45 per share compared to $56 in early 2020. Income investors who buy at the current price can pick up a solid 7.4% dividend yield and simply collect the distributions while they wait for the share price to drift higher.

Enbridge's target dividend-payout ratio is 60-70% of DCF. This means shareholders continue to get paid well while the company retains cash to fund growth.

Emera is a great stock for conservative income investors

Emera (TSX:EMA) owns more than $30 billion in utility assets in Canada, the United States, and the Caribbean. The company predominantly operates regulated electricity generation, natural gas transmission, and natural gas distribution businesses.

Revenue and cash flow tend to be predictable and reliable. This is great for income investors who search for steady payouts in all economic situations.

Emera's $7.4 billion capital program through 2023 could increase by another $1.2 billion. Management expects to deliver rate base growth of 7.5-8.5% over that timeframe. This will support annual dividend hikes of 4-5% in 2021 and 2022.

The stock provides a respectable 4.7% dividend yield at the current share price near $54. Emera topped $60 in January 2020, so there is some upside opportunity as economic conditions improve.

Consolidation in the utility sector could ramp up while debt remains cheap. It wouldn't be a surprise to see Emera become a takeover target. If that occurs, investor might pick up a nice premium on the share price.

Telus offers reliable dividends and a shot at big gains

Telus (TSX:T)(NYSE:TU) is a leading provider of mobile, internet, and TV services. The company also has a growing health division that has the potential to become a large contributor to revenue in the coming years.

The announced merger between **Rogers** and **Shaw** means Telus would drop to the number three position in the Canadian communications industry based on size, but it might end up with one less competitor on the mobile side of the business in some of its markets. If approved, the merger of Rogers and Shaw would tighten up an already cozy Canadian market.

This could occur just as Telus and its peers ramp up investments in their 5G networks. The arrival of 5G provides Telus with a wide array of potential new revenue opportunities.

Telus isn't as cheap as it was at the 2020 lows, but the stock still deserves to be a top dividend pick for an income portfolio. At the current share price near $26, Telus provides a 4.8% dividend yield.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:TU (TELUS)
3. TSX:EMA (Emera Incorporated)

4. TSX:ENB (Enbridge Inc.)
5. TSX:T (TELUS)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Investing

Tags

1. Editor's Choice

Date
2025/07/03
Date Created
2021/03/17
Author
aswalker