The 3 Best TSX Dividend Aristocrats to Buy Under $50

Description

The spectacular recovery rally in the stock market and high volatility makes it tough to choose the right stock to invest in. However, one smart strategy is to invest in top-quality dividend stocks that could help you generate regular income and add stability to your portfolio.

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Here are three such **TSX**-listed Dividend Aristocrats that could continue to deliver regular income. Further, these Canadian companies have been paying dividends for a very long period and are trading under $50.

Algonquin Power & Utilities

Algonquin Power & Utilities (TSX:AQN)(NYSE:AQN) has consistently increased its dividends at an average annual growth rate of 10% since 2010. Moreover, it expects to hike its dividends by another 10% in 2021. Algonquin Power & Utilities's robust dividend payments are backed by rate-regulated assets that deliver high-quality assets.

Moreover, its growing rate base, secured capital program, momentum in the renewable power business, and expense management suggest that the company could continue to increase its future dividends at a healthy pace and boost its investors' returns. Algonquin Power & Utilities expects its adjusted EBITDA to increase by a CAGR (compound annual growth rate) of 15% over the next five years. Meanwhile, its adjusted earnings are projected to increase by 8-10% during the same period, providing a solid base for future earnings growth. It pays an annual dividend of US$0.62 a share, translating into a decent yield of 3.9%.

Enbridge

I have said it before that **Enbridge** (TSX:ENB)(NYSE:ENB) is one the most valuable TSX-listed dividend stocks to generate a growing passive-income stream. The energy company has increased its dividends by about 10% annually over the past 26 years. Furthermore, its contractual and diversified cash flows suggest that Enbridge could continue to drive its dividends higher in the coming years.

I believe the recovery in energy demand, continued momentum in its core business, and secured capital program position it well to deliver robust cash flows in the coming years and support increased dividend payment. Notably, Enbridge expects its distributable cash flows to continue to increase at a decent pace in the coming quarters, implying that its annual dividend could increase at a similar pace in the future. Enbridge's annual dividend of $3.34 per share reflects a yield of 7.3%, which is too high and shouldn't be ignored.

Pembina Pipeline

Pembina Pipeline (TSX:PPL)(NYSE:PBA) raised its dividends by about 4.2% annually over the past decade. Furthermore, it has paid dividends since 1998, reflecting the strength and resilience of its cash flows. Like Enbridge, Pembina owns highly contracted energy infrastructure assets and has exposure to multiple commodities that reduce risk and generate predictable cash flows.

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I believe the reopening of the economy is likely to drive volumes and pricing and support Pembina's revenues and cash flows. The contractual arrangements and new projects are likely to boost Pembina's fee-based cash flows and drive higher dividend payments. Pembina's payout ratio is sustainable while improving industry fundamentals, and a positive long-term energy outlook strengthens my bullish view on its stock. It pays an annual dividend of $2.52 a share, reflecting a stellar yield of 6.7%.

CATEGORY

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

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:ENB (Enbridge Inc.)
3. NYSE:PBA (Pembina Pipeline Corporation)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:ENB (Enbridge Inc.)
6. TSX:PPL (Pembina Pipeline Corporation)

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