Fortis vs. BCE: Which Is the Better Dividend Stock?

Description

The **S&P/TSX Composite Index** was up 46 points in late morning trading on April 5. North American equities have continued to build momentum in the early weeks of the spring of 2021. Today, I want to look at two top dividend stocks to hold onto in a red-hot market. These equities provide some much-needed stability should a correction arise in the months ahead. **Fortis** (TSX:FTS)(NYSE:FTS) and **BCE** (TSX:BCE)(NYSE:BCE) are heavyweights in their respective sectors. Which is the better buy? Let's dive in.

Why I'm sticking with Fortis in April

In the summer of 2020, I'd explained why Fortis was a worthy long-term hold. Fortis is one of the largest utilities holding companies in Canada. Utility stocks proved resilient during the pandemic as this essential service kept the lights on during the crisis. Shares of this dividend stock have climbed 5.6% in 2021 at the time of this writing. Shares are up marginally from the prior year.

The utility released its fourth-quarter and full-year 2020 results back in February. Adjusted net earnings came in at $1.19 billion or $2.57 per share for the full year. Meanwhile, it executed on record capital expenditures of $4.2 billion. This yielding annual rate base growth of 8.2%. Fortis managed to bolster its capital expenditure plans in the face of the COVID-19 pandemic. It aims to support annual dividend growth of 6% through 2024 on the back of rate base growth.

Shares of Fortis last had a favourable price-to-earnings ratio of 21. It last announced a quarterly dividend of $0.505 per share, which represents a 3.6% yield. It has delivered 47 consecutive years of dividend growth.

The case for BCE as the top dividend stock

BCE is one of the top telecommunication companies in Canada. Shares of this dividend stock have increased 4.8% in 2021 so far. The stock is up marginally from the same period in 2020. Investors gota look at its Q4 and full 2020 results in early February.

Adjusted net earnings fell 5.8% from the prior year to $731 million in the fourth quarter. However, postpaid mobile phone net additions rose 27% from the prior year to 86,590. Retail Internet net additions rose 25% to 44,512 and BCE posted over 21,000 IPTV net additions. Back in March, I'd suggested that investors should snag BCE as it was investing big in 5G development.

This top dividend stock last had a P/E ratio of 22, putting it in a better value position than the industry average. BCE hiked its dividend by 5.1% from the prior year. It offers a quarterly distribution of $0.875 per share. That represents a tasty 6% yield.

Which dividend stock should you buy today?

Fortis and BCE both offer solid value in early April. These stocks have had a similar trajectory over the past year, and both are catching fire to start 2021. Fortis is on track to becoming a dividend king, while BCE offers the more attractive dividend yield. I'm more inclined to chase that hefty income in the beginning of the spring, so I'm sticking with BCE today.

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