



3 of the Best Canadian Dividend Stocks to Buy Now

Description

[Dividend stocks](#) are companies that pay regular dividends. Dividend stocks are generally well-established companies that have a proven track record of redistributing profits to shareholders. **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)), **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)), and **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) are three of the best Canadian dividend stocks to buy now. Let's have a look at each of these dividend stocks.

Bank of Nova Scotia

Bank of Nova Scotia's 4.7% dividend yield is one of the highest among the Big Five banks.

Bank of Nova Scotia has increased its dividend every year since 2010, during which time it has experienced average annual dividend growth of approximately 6%.

It has also increased dividends in 43 of the past 45 years. The 2008 financial crisis put an end to all rounds of dividend growth for major Canadian banks. However, none of them reduced their dividend. This is in stark contrast to what has happened in the world.

Although the federal government has asked Canadian banks not to increase the dividend during the pandemic, there is currently no risk of a dividend reduction at the Bank of Nova Scotia.

Buying one of the highest yielding among the Big Five banks has proven to be a good idea in the past, and guarantees a return close to 5% at a time when the yield on 10-year Canadian bonds is extremely low.

TC Energy

Although the oil and gas industry has been under pressure recently, pipelines are not as sensitive to the price of raw materials.

TC Energy is the second-largest midsize company in the country and has a 20-year dividend-growth streak. It recorded an average dividend growth of 7% during this streak.

Despite considerable headwinds in the industry, TC Energy continues to generate a ton of cash. The company's 68.5% payout ratio is among the best in the industry.

The company has indicated that it intends to increase the dividend by 7% in 2021 and 5-7% in subsequent years.

Despite the collapse in the price of oil, the company has repeatedly reiterated its forecast for dividend growth.

This is not surprising, as the company has a low-risk business model in which 95% of EBITDA is generated from regulated or long-term contracted assets.

With a current dividend yield of 5.4% and trading at 13.7 times forecasted earnings, TC Energy stock looks attractive enough to those looking to secure high income.

Fortis

As the country's largest utility, Fortis is arguably one of the most defensive stocks to own.

Fortis has increased its dividend during 47 consecutive years. The company will be among the first Canadian stocks to achieve Dividend King status — a prestigious status reserved for those who have increased the dividend for at least 50 consecutive years.

Until 2024, Fortis plans to [increase the dividend by 6% per year](#), which is in line with historical averages.

In August, the company reiterated that its capital program and dividend-growth forecast remain intact, despite the current pandemic. Combine strong dividend growth with an attractive yield (3.5%), and you are looking at one of the highest income stocks to own in Canada today.

Fortis is currently trading at 18.9 times forward earnings. Investors can not only guarantee a secure and attractive dividend, but they can do so at a respectable valuation.

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3. NYSE:TRP (Tc Energy)
4. TSX:BNS (Bank Of Nova Scotia)
5. TSX:FTS (Fortis Inc.)
6. TSX:TRP (TC Energy Corporation)

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