



4 Top Canadian Dividend Stocks to Buy Before May 2021

Description

It has been harder hunting for higher-yielding Canadian [dividend stocks](#) in April. Low interest rates and rising markets have compressed dividend yields and increased valuations. Considering we might be entering a historically weak period for stock markets (hence the phrase “sell in May and go away”), I wanted to give you a mix of defensive and offensive dividend stocks. Here are four top Canadian dividend stocks that are perfect for swiping up before May.

A top Canadian pipeline stock

I like **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)). This Canadian stock has faced a lot of opposition in 2021. The new American Biden administration axed one of its most prominent oil pipeline projects, Keystone XL. Consequently, the company expects to take a number of significant write-downs in the first quarter. While this doesn't sound like a good reason to invest, it presents an attractive entry point for dividend investors.

This business is one of the largest transporters of natural gas in North America. I believe natural gas will continue to be very important in the global green energy transition. How else will North Americans keep heating and cooling their houses affordably?

Likewise, TC still has \$20 billion of capital projects on the way. Consequently, the company still expects to grow cash flows and subsequent dividends by 5-7% a year. Today, it pays a very nice 5.8% dividend while you wait for its stock to recover.

A top Canadian utility stock

Stock markets are peaking near all-time highs, so we may be due a slight correction at some point in the next few months. One great stock to hold in market volatility is **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)). Sometimes it feels this stock has a slight negative correlation to the overall stock market. It often outperforms when markets turn ugly.

There aren't many more reliable businesses than Fortis's highly regulated utility transmission businesses. Everyone needs power and natural gas, so demand and succeeding cash flows are incredibly reliable.

Fortis only pays a 3.6% dividend, but it is very well covered, and it is expected to grow by a 5-6% CAGR for the next five years. Tuck this stock away forever and just let the income roll in.

A leading real estate play

If you believe e-commerce is a trend that will stick with us for just about forever, **Dream Industrial REIT** ([TSX:DIR.UN](#)) is an interesting Canadian stock. It owns multi-tenanted industrial properties across Canada, the U.S, and increasingly in Europe. The majority of its portfolio is focused on distribution and urban logistics. These are very well located, a perfectly suited for e-commerce. Consequently, DIR is enjoying very strong rental rate growth.

This REIT has an attractive, low-leveraged balance sheet and [a strong acquisition pipeline](#). The company is targeting 10% cash flow growth in 2021. This Canadian stock pays a dreamy (pun intended) 5.1% dividend right now, but it has upside, as e-commerce warehouse demand gains steam.

A top industrial e-commerce stock

Another Canadian stock winning from e-commerce growth is **Intertape Polymer** ([TSX:ITP](#)). I like this stock because it is a pandemic recovery stock, a dividend payer, and a growth story. Intertape has been investing heavily to expand its packaging and tapes product portfolio. It now manufactures and distributes products at a very low cost and garners attractive margins.

In the pandemic, this Canadian stock saw a huge surge in demand for its e-commerce tape products. 2020 was one of the best years it has seen on record. Management is estimating some strong years in 2021 and beyond. While this stock only pays a 2.7% dividend, it should accrete its best returns by recycling and compounding capital.

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2. Energy Stocks
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1. Editor's Choice

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. NYSE:TRP (Tc Energy)
3. TSX:DIR.UN (Dream Industrial REIT)

4. TSX:FTS (Fortis Inc.)
5. TSX:ITP (Intertape Polymer Group)
6. TSX:TRP (TC Energy Corporation)

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