



## 2 Top Canadian Dividend Stocks to Buy in May 2021

### Description

The broader stock market looks expensive right now but investors can still find [undervalued](#) top Canadian dividend stocks that pay attractive yields.

### TC Energy

**TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)) operates natural gas transmission, gas storage, power generation, and oil pipeline assets in Canada, the United States, and Mexico.

The company has a \$20 billion secured capital program through 2024 and has \$7 billion in projects under development. TC Energy gets most of its comparable EBITDA from rate-regulated assets or long-term contracts. This makes revenue predictable, which is great for dividend investors.

TC Energy delivered solid [Q1 2021](#) results. The company took a charge on its cancelled Keystone XL pipeline, but comparable EBITDA was roughly in line with the same period last year. Investors now have clarity on the KXL project and the company can focus on other opportunities.

The natural gas transmission sector has a positive future. Countries around the globe are turning to natural gas to transition from oil and coal to produce power. Ultimately, the world hopes to get all of its energy via renewable sources, but this will take decades to achieve. TC Energy's network positions it well to move natural gas from producers to LNG facilities for shipment to international markets.

Management expects the development portfolio to support annual dividend hikes of 5-7%. At the time of writing the stock trades near \$61.50 per share compared to \$75 before the pandemic. Investors who buy at the current price can pick up a 5.6% yield.

### Algonquin Power

**Algonquin Power** ([TSX:AQN](#))([NYSE:AQN](#)) is a Canadian renewable energy utility with US\$15 billion in wind, solar, and hydroelectric generating assets primarily located in the United States and Canada.

The company reported strong [Q1 2021 results](#). Adjusted EBITDA rose 17% and adjusted net earnings increased 21% compared to the same period last year.

The completion of large projects this year should boost revenue and cash flow. Algonquin Power also has a track record of making strategic acquisitions to drive growth.

The board has a positive view on the outlook for 2021 and just raised the dividend by 10%.

Algonquin Power's stock enjoyed a strong rally in the second half of 2020, but has pulled back a bit in the past couple of months. This gives investors a chance to buy the shares at a reasonable price.

With the latest dividend hike new investors can pick up a yield near 4.3%.

The renewable energy sector should attract investment for years and consolidation is expected to increase as funds and alternative asset firms seek out ESG stocks.

Algonquin Power owns attractive assets and boasts a strong capital program. With a current market capitalization of about \$12 billion it is large enough to be a buyer of smaller players, yet could also become a takeover target.

## The bottom line

TC Energy and Algonquin Power are leaders in their respective industries and pay attractive dividends that continue to grow. The stocks trade at reasonable levels right now and should deliver solid long-term returns for new income investors.

If you have some cash to put to work in your dividend portfolio these stocks deserve to be on your radar.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:TRP (Tc Energy)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:TRP (TC Energy Corporation)

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