My Top 3 Picks for Canadian Dividend Stocks

Description

The year 2021 could be record setting for Canada's primary stock market index. With the vaccination campaign's acceleration in February 2021, 24 portfolio managers and strategists in a **Reuters** poll forecasted the TSX to rise to 19,650 by year-end. The group's forecast seems accurate, because the index is off by only 177.30 points on May 7, 2021.

Now is an excellent time to go dividend investing, because the TSX is likely to gain more ground over time. If I were to take advantage of the opportunity, I would pick three outstanding dividend payers.

Dividend-growth stock

Emera (TSX:EMA) is a shoo-in on my shopping list. The business model of this $14.21 billion diversified energy and services company is low risk and recession resistant. It generates, transmits, and distributes electricity and gas and provides other utility energy services in Canada, the U.S., and four Caribbean countries. The client base or end-users are residential, commercial, and industrial customers.

Emera's assets in electric utilities and gas LDCs are 90% regulated. Only the gas-fired generation is unregulated. Besides electricity generation, transmission and distribution, gas transmission and distribution, and utility energy services, management is increasing investments in renewable energy assets.

I like Emera, because it's an excellent dividend-growth stock. At $56.12 per share, the dividend yield is 4.54%. The company targets a 4-5% annual dividend increase through 2022. Also, the payouts should be safe given the rate-regulated utilities, consistent earnings, and stable cash flows.

Energy powerhouse

TC Energy (TSX:TRP)(NYSE:TRP) should be among the top choices in the energy sector. Apart from the potential 22.7% upside from $61.94 to $76 (analysts' price target), the energy stock pays a juicy

5.62% dividend. While the industry is often volatile, the business has safeguards to counter the risks.

The $60.6 billion infrastructure company supplies more than 25% of North America’s daily consumption of natural gas. The company has been operating for seven decades and should remain a vital cog in the region’s oil and gas midstream industry for another 70 years or more.

TC Energy operates one of North America’s largest natural gas pipeline networks (57,500 miles). It has built a strong portfolio of diversified assets, storage facilities and power-generation plants through the years. The complementary assets are nuclear, natural gas, and wind, while access to the most inexhaustible natural gas supply basins is advantageous.

Prolific regional bank

If you were to select a TSX sector composed of all-stars, the banking sector is the hands-down choice. But for me, **National Bank of Canada** (TSX:NA) is the captain. Canada’s sixth-largest bank is as prolific as the Big Five banks in terms of dividend reliability. The $30.7 billion financial institution is also a super-regional bank. It holds the leading position in Quebec, although its presence in other Canadian provinces is getting stronger.

In the stock market, National Bank (+28.19%) currently outperforms **Royal Bank of Canada** (+17.73%). You can purchase this Dividend Aristocrat at $90.88 per share and partake of the 3.13% dividend offer. Analysts covering National Bank see the price climbing a modest 4.8% to $95.21 in the next 12 months.

Rock-solid portfolio

Emera, TC Energy, and National Bank of Canada can form the core of anyone’s stock portfolio. The dividends are rock steady and safe regardless of market turbulence.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing

TICKERS GLOBAL

1. NYSE:TRP (Tc Energy)
2. TSX:EMA (Emera Incorporated)
3. TSX:NA (National Bank of Canada)
4. TSX:TRP (TC Energy Corporation)

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