3 Safe Dividend-Paying Canadian Stocks to Buy Amid Volatility

Description

Investors planning to reshuffle their portfolios amid resurgent virus and high volatility could consider buying dividend-paying stocks for consistent income. Notably, top Canadian dividend-paying stocks continue to generate strong cash flows and could consistently boost shareholder returns.

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Here are the three top **TSX** dividend stocks that could offer regular dividend income and decent returns irrespective of wild market swings. Furthermore, their strong growth prospects and resilient cash flows suggest that these companies could continue to hike dividends at a decent rate in the future. Also, their high yields are safe as their payout ratio is sustainable in the long run.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) has a solid track record of paying consistent dividends to its shareholders, thanks to its highly diversified assets spread across conventional and renewable energy sources. The energy giant regularly paid dividends for over 66 years and raised it by a compound annual growth rate (CAGR) of about 10% for the last 26 years. At current price levels, Enbridge stock is yielding 7.2%, which is very attractive and safe.

Enbridge has about 40 resilient and diverse income streams that generate predictable and stable cash flows, ensuring that it could increase its future dividends. The company's distributable cash flows (DCF) per share, which are backed by contractual arrangements, are projected to increase by 5-7% annually in the coming years. Meanwhile, investors could expect Enbridge to lift its dividends at a similar pace. Further, the improvement in energy demand and a recovery in mainline volumes is likely to support its financials, and in turn, its dividends.

Scotiabank

Scotiabank's (TSX:BNS)(NYSE:BNS) dividends are highly reliable, thanks to its high-quality earnings base. It has been paying dividends since 1833 and could continue to enhance its shareholders' returns through uninterrupted dividend payments in the future. Notably, the bank has increased dividends at a

CAGR of 6% over the past decade, which is encouraging.

I believe the decline in credit provisions and a growth in loans and deposit volumes are likely to drive its earnings growth in the coming quarters, thus facilitating its dividends. Its focus on expense management and exposure to high-growth banking markets are expected to cushion its earnings and support its future dividend payments. With a recovery in demand and an improving operating environment, Scotiabank could deliver strong financial numbers. It is currently offering a healthy yield of 4.5%.

Canadian Utilities

Utility giant **Canadian Utilities** (TSX:CU) is another excellent stock for investors looking for a growing dividend income stream. The company is well known for paying stable dividends to its shareholders and has even raised it for 49 consecutive years, thanks to its strong earnings base and robust cash flows.

Recently, the company reported adjusted EPS growth of 6% year over- ear, supported by its growing asset base and cost efficiencies. The company's profitability is backed by regulated and contracted assets, implying that its dividends and higher yield are safe. Further, the company's plan to invest in the regulated assets is likely to drive its high-quality earnings base and position it well to hike its dividends in the coming years. Currently, Canadian Utilities offers a safe and high yield of over 5.0%.

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CATEGORY

1. Bank Stocks
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4. Energy Stocks

TICKERS GLOBAL

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2. NYSE:ENB (Enbridge Inc.)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:CU (Canadian Utilities Limited)
5. TSX:ENB (Enbridge Inc.)

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