



3 Top Income Stocks to Buy for Dividend Growth

Description

There are plenty of stocks on TSX that offer a nice blend of income and growth for investment portfolios. However, the selection process is easier said than done.

Accordingly, I think these three top income stocks simplify the list considerably. Let's jump into it.

Fortis

As far as [top dividend stocks](#) go, **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) continues to find its way on my list. And for good reason.

Fortis's reputation as a dividend-growth stock precedes itself. Indeed, the company is a world-class dividend-growth stock. Few companies have continuously raised their dividend for one or two decades. Fortis has been at it for nearly five.

That's impressive.

How Fortis has achieved this feat is quite simple, really. The company's core business model as a regulated utility provides extremely stable cash flows. These cash flows grow at a highly predictable rate, allowing for pre-planned dividend increase schedules over the long term.

With a yield of 3.7% and expected dividend mid-single-digit dividend growth for the foreseeable future, this stock is a bond investor's dream. It's a bond proxy like no other, offering increasing income each and every year.

Toronto-Dominion Bank

Canada's second-largest bank has truly become a long-term outperformer as far as TSX-listed stock goes. **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) remains one of my top picks not only for its size and diversified business model, but for its income profile.

Indeed, TD's international exposure (particularly in the U.S.) is extremely beneficial for Canadian investors. Having geographic diversification in one's portfolio is a big deal. TD's solid east coast retail banking network in the U.S. is one of the most enviable networks among its peers. Additionally, the company's Ameritrade platform has taken off, and is one of the most utilized trading platforms in North America for seasoned investors right now.

This bank provides investors with a yield of 3.7% at the time of writing. Unfortunately for dividend-growth investors, dividend hikes have been suspended due to the pandemic. However, with regulations relaxed in the U.S. on this front, I'd expect TD to resume its dividend hikes as soon as feasible for investors.

For right now, investors can pick up shares in one of the best Canadian banks for a price I consider to be reasonable today. That ought to be good enough for long-term investors seeking bond-like income right now.

Algonquin Power

A utilities stock with a slightly higher yield (around 4.7% at the time of writing), **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) is another one of my top picks.

Like its peers, Algonquin provides bond-like income with a growth tilt. However, Algonquin's growth comes mainly from its portfolio of high-quality renewables assets. I think Algonquin's renewables exposure is undervalued by the market right now.

Indeed, Algonquin's business profile has begun to create waves among pro-ESG investors. It's an old-school stock with a "young" feel to it, providing the right mix of defensiveness and growth long-term investors should want.

Those seeking a bond proxy in today's market can't go wrong with Algonquin today.

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2. NYSE:FTS (Fortis Inc.)
3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:FTS (Fortis Inc.)
6. TSX:TD (The Toronto-Dominion Bank)

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