



## The 3 Best Dividend Stocks to Buy With \$3,000

### Description

Dividend stocks are a must-have in any portfolio. Besides providing a steady income stream, dividend stocks are considered a reliable long-term investment to create wealth, thanks to their ability to generate solid earnings and cash flows.

We'll discuss three top TSX stocks that have paid and increased their dividends for over 10 years. Furthermore, their resilient cash flows and strong fundamentals suggest that these companies could continue to increase their dividends at a decent pace and boost shareholders' returns.

### Enbridge

**Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) is one the [most reliable stocks](#) for a steady income stream. The energy infrastructure company's dividends have grown by a compound annual growth rate (CAGR) of 10% (the highest dividend-growth rate among peers) in the last 26 years. Meanwhile, it has uninterrupted paid dividends for 66 years in a row.

Enbridge owns a highly diversified business that generates robust cash flows and supports higher dividend payments. Notably, Enbridge has more than 40 diverse cash flow streams. Furthermore, its cash flows are backed by long-term contractual arrangements. It pays a quarterly dividend of \$0.835 a share, translating into a yield of 7.1%, which is highly lucrative considering the lower interest rate environment.

Despite its higher yields, Enbridge's payouts are safe. Further, the revival in energy demand and steady improvement in the economy is likely to support the recovery in Enbridge's mainline throughput. Also, the continued momentum in its core business is expected to support its financials and, in turn, its dividend payouts. Enbridge's \$16 billion secured capital program, the addition of new customers, rate escalation, growth opportunities in renewable energy, and contractual framework augur well for future dividend growth. Meanwhile, higher utilization of its assets and productivity savings could continue to cushion its bottom line.

## Algonquin Power & Utilities

Power producer **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) is another [reliable bet](#) to generate a growing dividend income stream for the long run. Notably, the company has delivered exceptional total shareholder returns over the past several years, thanks to its low-risk and high-growth business that generate predictable cash flows.

Thanks to its high-quality earnings and continued rate base growth, Algonquin Power & Utilities's dividends have grown at a CAGR of 10% in the past 11 years. Looking ahead, investors could expect the company to increase its dividends at a similar pace, reflecting double-digit rate base growth and sustained momentum in its adjusted EBITDA and earnings.

Algonquin Power & Utilities's long-term contractual arrangements, conservative business mix, rate base growth, and solid balance sheet position it well to deliver robust cash flows and higher dividends in the future. Moreover, the expansion of its renewable power business and strategic acquisitions bode well for future growth. The utility currently offers a dividend yield of 4.5%, which is very safe.

## Fortis

The utility giant **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) should also be a part of your income portfolio. Fortis has raised dividends for 47 years and projects a 6% growth in its annual dividends for the next five years. Its robust dividend payments are backed by its low-risk and diversified regulated utility assets that produce growing and predictable cash flows.

Fortis owns 10 regulated utility businesses and derives nearly 99% of its earnings from the regulated utility assets, which indicates that its future payouts are safe and reliable. Looking ahead, Fortis projects its rate base to increase by a CAGR of 6% and reach over \$40 billion, which is likely to drive its high-quality earnings base and support higher dividend payments.

Furthermore, strategic acquisitions and good growth opportunities in the renewable power segment will likely boost its growth and drive its stock. Fortis pays a quarterly dividend of \$0.505 a share, reflecting a decent yield of 3.7%.

### CATEGORY

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

### TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:ENB (Enbridge Inc.)
3. NYSE:FTS (Fortis Inc.)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:ENB (Enbridge Inc.)

6. TSX:FTS (Fortis Inc.)

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