3 of the Best Canadian Dividend Aristocrats to Buy With $500

Description

Dividend Aristocrats are among the highest-quality stocks with excellent track records of paying and increasing their dividends for a long time. These companies have solid fundamentals and generate resilient cash flows. Further, you don't need a lot of money to start investing in these top dividend stocks. So, if you can spare $500, here are the three best Dividend Aristocrats you can consider buying right now.

Fortis

With 47 years of consecutive dividend increases, **Fortis** (TSX:FTS)(NYSE:FTS) is easily among the top income stock listed on the **TSX Index**. The utility giant currently offers a decent yield of 3.7% and projects a 6% average annual growth in its dividends over the next five years.

I expect Fortis to continue to enhance shareholder value through strong financial performance and increased dividend payments. Notably, it owns 10 regulated utility businesses that account for almost all of its earnings and generates predictable cash flows to support higher dividend payments. Further, Fortis projects its rate base to increase by a CAGR (compound annual growth rate) of 6% over the next five years, indicating that it could continue to generate high-quality earnings and cash flows and pay solid dividends.

Fortis's low-risk assets and resilient cash flows suggest that investors can rely on it for consistent dividend income. The healthy growth in its rate base, diversified assets, strategic acquisitions, and strong growth opportunities in the renewable power business are likely to drive Fortis's financials in the coming years and drive its cash flows.

Canadian Utilities

Speaking of reliable dividends, consider buying the shares of the **Canadian Utilities** (TSX:CU). The utility giant has the longest track record of dividend growth by any Canadian company. To be precise, Canadian Utilities has increased its dividends since 1972 (49 years in a row). Moreover, it offers a solid dividend yield of 5%.

Canadian Utilities's highly contracted and regulated earnings provide a solid base for continuous dividend growth. Furthermore, the utility company plans to increase its future dividends at a rate that is in line with its sustainable earnings growth.

I believe its continued investments in the regulated and long-term contracted assets are likely to strengthen its high-quality earnings and cash flows. Moreover, steady improvement in its energy infrastructure business and cost efficiencies are likely to cushion its bottom line and, in turn, its future dividend payments.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) has consistently paid and increased its quarterly dividends for a very long period. For instance, it has continuously paid quarterly dividends for more than 66 years in a row. Meanwhile, it increased dividends by about 10% annually in the past 26 years. Enbridge stock is yielding over 7.1% at current price levels, which is safe.

Enbridge's low-risk and high-growth energy infrastructure assets and diversified cash flows support its dividend growth. Notably, it owns over 40 diverse cash flows streams and has a contractual framework that helps the company deliver resilient distributable cash flows. With the revival in energy demand, growth in its mainline throughput, and solid momentum in its gas transmission and storage and renewable energy business, Enbridge is likely to deliver strong financial and operating performance in the coming quarters and boost shareholders' value through higher dividends.

Enbridge's $16 billion secured capital program, higher assets utilization rate, rate escalations, customer growth, and good growth opportunities in the renewable business are likely to accelerate its growth and drive future dividend payments.

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2. NYSE:FTS (Fortis Inc.)
3. TSX:CU (Canadian Utilities Limited)

4. TSX:ENB (Enbridge Inc.)
5. TSX:FTS (Fortis Inc.)

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Date
2025/08/24
Date Created
2021/05/24
Author
snahata