3 Big Canadian Dividend Stocks to Buy in June 2021

Description

Investors generally find stocks high-risk avenues because of their volatility. However, not all stocks are equally risky or volatile. Mature companies that pay consistently growing dividends are comparatively less volatile than broader markets. Here are three of the biggest Canadian dividend stocks for long-term investors.

Pembina Pipeline

The midstream energy giant **Pembina Pipeline** (TSX:PPL)(NYSE:PPA) yields a handsome 6.5% at the moment.

Pembina agreed to acquire its peer **Inter Pipeline** for $8.3 billion this week, making it one of the largest transactions in years in the energy space. The transaction will expand Pembina's presence in Western Canada, which will likely accelerate its earnings growth. Notably, the company expects near-term synergies of $150-$200 million annually.

Driven by its earnings stability and low-risk operations, Pembina will likely continue to pay consistent shareholder payouts for the long term. It generates 94% of its earnings from fee-based operations. This minimizes earnings volatility due to oil and gas prices. That's why midstream energy companies are relatively less risky than oil-producing companies.

PPL stock has returned almost 50% in the last six months. Its handsome dividend profile, earnings visibility, and decent growth prospects make it an attractive investment proposition for long-term investors.

Hydro One

Utilities generally outperform in low-interest-rate environments. Canadian utility stock **Hydro One** (TSX:H) could be a smart pick in these markets. It yields a stable 3.5%, in line with **TSX** stocks at large.

Hydro One mainly operates in Ontario, the most populous province in Canada. The utility generates a large chunk of its earnings from regulated operations. These regulated operations enable earnings stability in all economic conditions, making it an attractive low-risk bet for conservative investors.

Hydro One is a distribution and transmission utility and does not operate in power generation. This lowers the company's operational risk and saves on capital investments.

It is a relatively newer utility and has a shorter dividend increase streak of four years. However, its low-risk appeal and decent yield will likely outperform peers in the long term.

Toronto-Dominion Bank

Canadian banks' fiscal second-quarter earnings last week suggested an encouraging picture of the economy. Among the Big Six, I like **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) the most because of its asset quality and a large presence south of the border.

TD Bank stock currently yields 3.6%, in line with the peers. Canadian banking regulator imposed a ban on dividend increases or share buybacks last year to maintain their balance sheet strength. The ban could cease to exist this year on relatively faster economic recovery. Toronto-Dominion Bank has a hoard of surplus cash, which will likely go to shareholders once it is allowed to distribute.

The second-biggest bank stock TD has returned more than 50% in the last 12 months. Despite a decent rally, the stock is undervalued compared to peers that suggest further upside potential.

Bottom line

These three TSX stocks offer stable dividends and relatively lower volatility. As markets linger around all-time highs, it makes sense to increase exposure to such low volatility names.

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3. TSX:H (Hydro One Limited)
4. TSX:PPL (Pembina Pipeline Corporation)
5. TSX:TD (The Toronto-Dominion Bank)

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