



## 3 Best Dividend Stocks Canada Has to Offer

### Description

There are plenty of excellent dividend stocks in the country. Canada's resource-led economy has fewer tech companies that burn capital to seek growth and more established companies with high margins and big payouts. Several stocks pay shareholder returns that are far greater than the interest rate on a savings account.

Adding some of these robust sources of cash flow to your portfolio may be the best strategy for 2021. Here are the [best dividend stocks](#) Canada has to offer.

### Best dividend stock with high yield

**BCE** ([TSX:BCE](#))([NYSE:BCE](#)) offers one of the most attractive dividend yields on the market. Its 5.7% dividend payout is hard to compare. Even its rivals in the telecom sector don't match that rate.

BCE's payout is based on its tight grip on the Canadian wireless and broadband market. Market dominance gives this company ultimate pricing power. That's why your monthly data costs are so high. Canada's wireless and broadband data is the most expensive in the developed world. That's clearly reflected on BCE's income statement.

Over the past year, the company generated \$2.24 billion in net income. It paid \$3.2 billion in dividends to shareholders. That's because the company has plenty of cash on its balance sheet to sustain a higher payout. This is one of the best dividend stocks Canada has to offer.

### Best dividend stock with high growth

**Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) has some of the same entrenched market share as BCE. Utilities are a natural monopoly that benefits from stable cash flows and long-term contracts. However, Algonquin's dividend yield is a bit lower, at just 4.42%. That's a respectable yield, but not the only reason investors should be interested. The company has expanded its dividend by 36.5% over the past five years.

Despite that bump, the payout ratio is still just 31.7%. In other words, Algonquin pays less than one-third of its annual earnings to shareholders. It has plenty of room to expand its dividend and offer bigger payouts in the future. If you're looking for steadily rising payouts, this is one of the best dividend stocks in Canada right now.

## Best dividend stock for stability

**Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) offers the lowest yield on this list: just 3.66%. However, the company has a track record of dividend growth and steady income despite numerous economic crises. In other words, it's somewhat recession-proof.

Over the past year, despite the upheaval in the economy, Fortis managed to sustain its net income. The stock has been pretty much flat throughout the year. However, the dividend has been expanded, making it the 46th annual dividend increase in Fortis' history.

At this point, the company pays out just 74% of annual earnings in dividends. That means it has room to expand shareholder benefits even further. However, this is the best dividend stock for investors looking to preserve capital rather than generate it.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

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

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**Date**

2025/09/11

**Date Created**

2021/06/04

**Author**

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