



3 Top Dividend Aristocrats to Buy Today

Description

Dividend investing is a very popular strategy employed by Canadians. It's appealing in that it provides investors an opportunity to get paid on a recurring basis, just for holding company stock. However, choosing the right companies can be difficult. Many often fall for [the same mistakes](#). An example would be the yield trap, where investors chase dividend stocks with the greatest forward yields, thinking they would make better investments. In this article, I will highlight three Dividend Aristocrats that *would* make excellent additions to your portfolio.

An outstanding history of growth

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) is a company that all Canadian dividend investors should be familiar with. It holds the second-longest active dividend-growth streak at 47 years. This means that Fortis has been able to increase its dividend through many economic downturns including The Great Recession and the COVID-19 market crash. The company provides gas and electric utilities to more than 3.4 million customers across Canada, the United States, and the Caribbean.

Since August 1995, Fortis stock has gained nearly 2,300%. That represents an average annual return of 13%. For comparison, the **TSX** has returned an average of 6% per year. Today, Fortis offers a forward dividend yield of 3.57%. Although the company's dividend-payout ratio is a bit higher than dividend-growth investors would like (73%), its long history of smart capital allocation should ease concerns. Fortis takes great pride in its dividend and should be the first company that comes to mind for such a portfolio.

Canada's top bank

The Canadian banking industry features many outstanding companies. The Big Five are internationally recognized as being secure companies due to their massive moat. Of that group, **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) appears to have the most exciting future. The company is highly exposed to the Pacific Alliance. This is a region in Latin America that economists are forecasting will grow at a much faster rate than the G7 in the coming years. This compares to Bank of Nova Scotia's peers, who

are more focused on the North American banking landscape.

Bank of Nova Scotia has managed to increase its dividend in each of the past 10 years. Currently, the stock offers a very attractive forward dividend yield of 4.45%. In addition, its payout ratio is much lower than that of Fortis (58%). When looking for dividend companies to add to my own portfolio, I generally aim for a payout ratio under 60%. Those are companies that should have more room to continue growing their dividend in the future. Bank of Nova Scotia is an easy pick for any dividend portfolio.

Canada's worst kept secret

Brookfield Asset Management (TSX:BAM.A)([NYSE:BAM](#)) is a very well-known stock among investors. However, among those that aren't very familiar with the investment world or those that are just starting off, it's very unlikely that they would be familiar with the name. Brookfield Asset Management is an alternative asset management company which focuses on real assets. These are assets with intrinsic value, which include real estate, infrastructure, and utilities.

The company is also noted for its [CEO Bruce Flatt](#), who is known as "Canada's Warren Buffett." Flatt has led the company since 2002 and has seen it grow an incredible amount since over his tenure. Since the start of his time as CEO, Brookfield Asset Management has gained an average of 15% per year. That is three times the performance of the TSX over the same period. With a dividend-growth streak of nine years under its belt, the stock should be appealing to both growth and dividend investors alike.

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2. NYSE:BNS (The Bank of Nova Scotia)
3. NYSE:FTS (Fortis Inc.)

4. TSX:BN (Brookfield)
5. TSX:BNS (Bank Of Nova Scotia)
6. TSX:FTS (Fortis Inc.)

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