3 Buy-and-Forget Canadian Dividend Stocks

Description

Want to buy and forget Canadian dividend stocks and sleep well at night? Then you'll want to consider these three dividend stocks — a diversified group that should provide you below-average volatility and above-average returns.

Sun Life stock

For some reason, **Sun Life Financial** (TSX:SLF)(NYSE:SLF) has been a darling in the life and health insurance space versus **Manulife**. Sun Life has stronger price momentum. Manulife stock never recovered fully from its pre-global financial crisis height in 2007, whereas Sun Life trades near its all-time high.

The pandemic did not impact Sun Life's defensive business. Its 2020 revenue climbed 9% to $43.3 billion, while its earnings per share increased by 6% — a similar growth rate as in 2019. Over the next three to five years, it's estimated to increase its earnings per share by about 9% per year.

At $63.60 per share at writing, it trades at a discounted price-to-earnings ratio of about 11.1. It also starts you off with a nice dividend yield of close to 3.5%.

Sun Life is awarded a quality S&P credit rating of A+. By buying and forgetting Sun Life stock today, you should experience growing dividend income and steady price appreciation in the long run.

Northland Power

Northland Power (TSX:NPI) has strategically used financing options, including large levels of debt to grow its business. Its debt-to-equity and debt-to-capital ratios are about 375% and 79%, respectively. That said, it maintains an investment-grade S&P credit rating of BBB and generates substantially growing cash flow on successful deployments of its renewable projects around the globe.

Last year, it increased revenue by 24% to $2,061 million, while growing adjusted EBITDA, a cash flow proxy, by 19% to $1,170 million. It has a gross capacity of about 2,681 MW and expects to roughly double its capacity with its current projects that are under construction or advanced development. Therefore, there's much growth ahead of the utility stock.

The renewable utility has close to 60% of its portfolio in wind generation with a focus on offshore wind around the world. The dividend stock yields 2.8% and can appreciate about 18% over the next 12.

Northland Power doesn't increase its dividend consistently, but you can expect nice total returns primarily from price appreciation, as it expands its renewable portfolio.

Canadian Net Real Estate Investment Trust

Canadian Net REIT (TSXV:NET.UN) just rebranded itself to be self-explanatory. You might recognize it under its former name and ticker as Fronsac REIT (TSXV:FRO.UN).

The REIT acquires and owns high-quality triple net and management-free commercial real estate properties. Its business model cuts out tonnes of costs, including insurance, taxes, maintenance, and management fees, which leaves more cash flow for the company and bigger dividends for shareholders.

Its three largest tenants are grocery chains **Loblaw**, **Walmart**, and Sobeys, which make up roughly 46% of its net operating income.

Don't be deterred by its illiquid shares or small market cap of approximately $138 million. The dividend stock could easily be the best buy-and-forget Canadian REIT to own for growing income.

Canadian Net REIT has sustainably increased its monthly cash distribution every year since 2013. With a payout ratio of about 54% and an acquisitive strategy, buyers of the well-valued stock today can expect industry-beating total returns and more dividend increases to come.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:NPI (Northland Power Inc.)
2. TSX:SLF (Sun Life Financial Inc.)
3. TSXV:NET.UN (Canadian Net Real Estate Investment Trust)

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Date
2025/08/25
Date Created
2021/06/30
Author
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