Retirees: 3 Canadian Dividend Stocks to Buy in July

Description

Why do investors like [dividend stocks]? One of the main reasons dividend stocks are so popular is that they allow investors to enjoy a steady stream of dividend income as well as long-term capital gains. **BCE** (TSX:BCE)(NYSE:BCE), **Royal Bank of Canada** (TSX:RY)(NYSE:RY), and **TransAlta Renewables** (TSX:RNW) are three great Canadian dividend stocks to buy in July and hold for several years.

BCE

This Canadian telecom giant should be under your dividend watch, as the telecom sector is recession-proof.

BCE is one of Canada’s largest telecommunications companies, providing internet, wireless, wireline, and subscription TV services to millions of customers. It also operates one of the largest media companies in Canada, which includes several radio and television stations.

The demand for wireless connectivity increased in 2020, as the trend of working from home accelerated at a rapid pace. The COVID-19 pandemic has acted as a tailwind for several tech and telecommunications companies and has helped widen an already impressive dividend for BCE. The telecom company pays a quarterly dividend of $0.875 per share for a very interesting yield of 5.7%.

BCE released its first-quarter results a few weeks ago, posting quarterly revenue growth for the first time in a year. First-quarter revenue edged up 1.2% year over year to $5.71 billion, and adjusted EBITDA went up 0.5% to $2.429 billion. Adjusted EPS fell 1.3% to $0.78 per share. Analysts had expected revenue of $5.62 billion and adjusted earnings of $0.73 per share.

Royal Bank of Canada

Another industry that was hit amid the COVID-19 pandemic was banking. Rising default risk and a low-interest-rate environment pushed bank stocks down.

However, Big Canadian banks are fundamentally strong and have survived multiple recessions, including the 2008-2009 financial crash.

Royal Bank of Canada is the second-largest Canadian company in terms of market capitalization. Now, as interest rates could rise, there is a good chance that RBC will be able to improve its net interest margins and profitability in the future.

Analysts expect Royal Bank of Canada to increase profits by 23.3% in fiscal 2021, which means investors can look forward to dividends hikes once COVID-19 is brought under control.

In the first fiscal quarter of 2021, RBC reported a profit of $4 billion and easily beat profit estimates. The bank pays a quarterly dividend of $1.08 per share for a yield of 3.4%.

TransAlta Renewables

The renewable energy sector offers an excellent opportunity for investors looking to generate substantial returns. The demand for clean energy solutions is expected to explode over the next decade, making it a really interesting industry to invest in right now.

TransAlta Renewables develops, owns, acquires, and operates several renewable energy production facilities. At the start of March, the company had a portfolio of 23 wind power plants, 13 hydroelectric power plants, and seven natural gas production facilities. In addition, it also has a solar installation and a gas pipeline.

In 2020, the company’s distributable cash flow was $1.15 per share, or $306 million. Last year, TransAlta increased its EBITDA by 6% to $462 million. In 2021, it expects this figure to be between $480 and $520 million. TransAlta pays a quarterly dividend of $0.0783 per share for a yield of 4.5% at the current price.

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2. Dividend Stocks
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3. TSX:BCE (BCE Inc.)
4. TSX:RNW (TransAlta Renewables)
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