3 Top Canadian Dividend Stocks to Buy in July 2021

Description

Here are three top Canadian dividend stocks you should consider buying in July 2021.

Canadian National Railway

Canadian National Railway (TSX:CNR)(NYSE:CNI) is a well-run railroad in North America. It has a track record of earnings growth. In the last 10 years, its growing earnings helped drive total returns of about 14% per year. The company is also a Canadian Dividend Aristocrat and has paid an increasing dividend every year since 2002. Its 10-year dividend-growth rate is approximately 15% per year.

In May, the company outbid **Canadian Pacific Railway** in an acquisition of **Kansas City Southern** at US$325 per share, an enterprise value of approximately US$33.6 billion, in a stock and cash deal, which will expand its network into Mexico. The acquisition requires the respective companies' shareholder approval as well as regulatory approvals.

The dividend stock has corrected about 11% to about $132 per share from its all-time high that was set this year. This brings it to a forward price-to-earnings ratio of about 22.4 for an anticipated long-term growth rate of about 10% per year. This is a fair valuation for long-term investors looking for a quality dividend-growth stock.

CN stock yields about 1.9%. Interested investors can start accumulating CN shares in July and buy more on potential further pullbacks through 2021.

Canadian Net REIT

Canadian Net REIT (TSXV:NET.UN) is formerly known as Fronsac REIT. It is another quality Canadian Dividend Aristocrat you can trust. It owns and invests in high-quality triple-net and management-free commercial real estate properties. Its portfolio was super resilient during the pandemic with a high occupancy of 99% versus its usual occupancy rate of 100%.

In 2020, it witnessed net operating income growth of 38%, funds from operations (FFO) per-unit growth of 18%, and dividend growth of 15%. Its FFO payout ratio is only about 54%.

It's a small-cap stock with a market cap of close to $140 million and enterprise value of about $255 million. Insiders own about 7% of the company, while institutional investors own about 6%. Its float is about 14.8 million shares, but its average volume of 6,349, according to *Yahoo Finance*, is only a tiny fraction of that.

The low trading volume shouldn't deter income investors from partnering with the wonderful business. In the last 10 years, its growing FFO helped drive total return of almost 22% per year. The dividend stock has paid an increasing payout for nine consecutive years. Its five-year dividend-growth rate is approximately 11% per year.

Canadian Net REIT continues to expand its portfolio. From 2019 to 2020, it expanded from 57 properties to 74. Currently, it has 84 properties.

At below $8 per share, Canadian Net REIT is undervalued on a forward basis. It yields almost 3.8%. Expect dividend increases for years to come!

Exchange Income

If you need greater current income, you can consider **Exchange Income** (TSX:EIF) in July. It provides a high yield of 5.7%. And it has maintained or increased its dividend every year since 2005.

Exchange Income built its business to be effectively diversified to withstand economic cycles. Its dividend track record, which was maintained through the global recession in 2008 and the pandemic, has proven that its business model works.

EIF describes itself as an acquisition-oriented company that's focused on the sectors of aerospace and aviation services and equipment, and manufacturing. Economic reopenings could be a driver of growth for the company.

The well-valued Dividend Aristocrat could trade about 15% higher over the next 12 months.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. TSX:CNR (Canadian National Railway Company)
3. TSX:EIF (Exchange Income Corporation)
4. TSXV:NET.UN (Canadian Net Real Estate Investment Trust)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date
2025/08/25
Date Created
2021/07/09
Author
kayng