2 Top Canadian Dividend Stocks for Long-Term Investors

Description

There are multiple different strategies when it comes to buying Canadian dividend stocks, but all of them require you to hold the company long term.

Owning dividend stocks, especially high-quality companies, can be one of the best ways to stabilize your portfolio and see consistent growth for the long run through multiple market cycles.

Companies don't usually start to pay a dividend until management knows that their operations are stable and can afford to return cash to shareholders.

These companies are usually past their initial growth stages too, where they are reinvesting all their cash in expanding; they're quite a bit riskier for investors.

So, you know that if you're buying a dividend stock, the business is usually well established and has robust operations. And when you buy a stock with robust operations, you know your money is invested in a high-quality asset that can still provide high-quality growth over the long term at the same time that it's protecting your money.

There are several stocks in Canada for investors to choose from. Here are two of the best Canadian dividend stocks to buy for the long term today.

A top Canadian utility stock

When investing for the long term, it's crucial to diversify your portfolio. This doesn't just mean buying different stocks; it also means different types of stocks.

So, while you'll definitely want some high-growth businesses, it's crucial your portfolio also has some defensive businesses to help add stability.

That's why one of the top Canadian dividend stocks I'd consider for the long term is **Algonquin Power and Utilities** (TSX:AQN)(NYSE:AQN).

Utility stocks are well known as some of the safest investments you can make. Algonquin's utility business provides gas, electrical, and water utilities services to thousands of residential and commercial customers across dozens of states.

These are services that are not only regulated by the government but are staples of the economy. For the most part, everyone needs gas, water, and electricity. So, even during times of economic turmoil, you can count on Algonquin's business to be robust.

What's both unique and appealing about Algonquin is that in addition to the highly stable utility businesses it owns, the company also has a growing renewable energy segment as well.

With all that's going on with climate change, renewable energy is easily one of the best industries to invest in long term. So, while Algonquin is primarily a stock that will protect your capital, you can also expect some significant growth in the long run.

This combination, in my view, makes the Canadian dividend stock a must-buy today. And at its current price, you can buy this high-quality Dividend Aristocrat, with a current yield of more than 4.5%.

A top restaurant royalty stock

In addition to Algonquin, another high-quality Canadian dividend stock to consider buying right now is **A&W Revenue Royalties** (TSX:AW.UN).

A&W is a favourite among consumers in Canada. It's the second-largest restaurant chain, trailing only **McDonald's** when it comes to locations.

For years, the demand for A&W has grown, resulting in tonnes of new restaurants popping up and sales growing rapidly.

And because the fund earns a royalty on sales, investors have seen the dividend payments increase rapidly as well, resulting in A&W having been a Dividend Aristocrat up until the pandemic hit.

The Canadian dividend stock wasn't actually impacted that badly by the pandemic, though, and it is now recovering rapidly. Not only that, but it looks like it can continue its incredible growth from before the pandemic.

So, if you're looking for a top dividend stock that can consistently increase its payout over the coming years, A&W Royalties is a solid choice.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:AW.UN (A&W Revenue Royalties Income Fund)

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Date
2025/08/12
Date Created
2021/07/16
Author
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