



3 Top Canadian Dividend Stocks for July 2021 and Beyond

Description

Looking for [dividend stocks](#) to invest for July 2021 and beyond? Check out these solid stocks.

TMX Group

TMX Group ([TSX:X](#)) is a quality business to own and is trading at a reasonable valuation in an expensive market. TMX owns the **Toronto Stock Exchange** (TSX) and **TSX Venture Exchange** (TSXV), providing businesses with access to equity capital via initial public offerings and additional equity offerings.

Naturally, it's also responsible for equities and fixed-income trading and clearing, taking care of the record keeping of who owns what and who is entitled to dividend or interest payments.

TMX also owns TSX Trust, the biggest Canadian-owned transfer agent and provider of corporate trust services.

The dividend stock is an outperformer. Its five-year returns are about 21% per year. TMX aims to grow revenues at a mid-single-digit rate while increasing adjusted earnings per share (EPS) at a double-digit rate.

At \$131.80 per share at writing, it trades at a blended price-to-earnings ratio of about 20.8, which makes it a reasonably valued stock.

The company reported a strong first quarter (Q1) with its revenue rising by 14% to \$252 million. Additionally, it witnessed its operating income climbing 20%, while its operating expenses only rose 9%. Its adjusted EPS jumped 23% to \$1.88.

The quarterly results were helped by an overall rise in Canadian equities trading volumes. Across all of its equities markets, overall trading volumes were up 50% in Q1 2021 compared with Q1 2020. Specifically, trading volumes on TSX, TSX Alpha Exchange (Alpha), and TSXV jumped by 5%, 84%, and 175%, respectively.

Management explained it saw a surge in retail trading activity, particularly in the TSXV. It's a high uncertainty whether this kind of elevated activity could continue through the year, which may be why the quality dividend stock is stuck in a sideways channel.

Interested investors should start a position in the dividend stock that yields about 2.3%. Then add more opportunistically over time. TMX's last dividend hike was 10% in May.

A dividend stock with a 4.5% yield

Algonquin Power & Utilities ([TSX:AQN](#))([NYSE:AQN](#)) consists of a renewable energy segment with long-term contracts and a regulated utilities segment. It grows organically, by acquisitions, and is transitioning to a greener fleet of facilities.

The dividend stock is a Canadian Dividend Aristocrat. This year marks its 11th consecutive year of dividend growth. It last increased its dividend by 10% in May, which aligns with its five-year dividend-growth rate of 10%.

Notably, it pays a U.S. dollar-denominated dividend. At US\$15.23 per share at writing, the dividend stock is reasonably priced and provides a decent yield of 4.5%.

AQN stock provides attractive income in today's low interest rate environment.

A dividend stock with a 4.5% yield

Granite REIT ([TSX:GRT.UN](#)) is another proven dividend stock. The industrial REIT has remained super defensive and growing through the pandemic. Last year, it collected 100% of its rent.

Its portfolio has about 115 properties with a high occupancy of roughly 99.6%. The continued e-commerce trend is anticipated to help drive long-term growth in the stock.

It's a Canadian Dividend Aristocrat with 10 consecutive years of dividend increases. The REIT's five-year dividend-growth rate is 4.8%. At \$86.30 per unit at writing, Granite REIT stock is fairly valued and offers a yield of approximately 3.5%. Its funds-from-operations payout ratio is estimated to be sustainable at about 75% this year. Going forward, you can expect its cash-distribution hikes to continue beating the long-term targeted inflation rate of 2%.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:GRT.UN (Granite Real Estate Investment Trust)
4. TSX:X (TMX Group)

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