3 of the Best Dividend Stocks to Load Up on Right Now

Description

Dividend stocks may be out of favour right now. Indeed, given where interest rates are today, many investors are opting for higher exposure to growth stocks. Such a strategy certainly makes sense.

However, dividend stocks also provide excellent portfolio diversification and generally lower investors' risk levels. These are typically highly defensive companies with higher-than-average cash flows. Distributing their earnings to shareholders allows investors to reap the benefits of growth today.

Accordingly, let's take a look at three of the best dividend stocks in Canada right now.

Top dividend stocks: SmartCentres REIT

SmartCentres REIT (TSX:SRU.UN) is an excellent dividend stock to consider today. This real estate play provides excellent leverage to an economic recovery in Canada. At the same time, SmartCentres is highly defensive in the types of tenants it hosts in its locations. The company's anchor tenants include some of the largest and most well-known blue-chip retailers in the world. Accordingly, even in the worst of times, SmartCentres is a retail REIT with extremely defensive cash flows.

The company owns over 155 properties and is now planning to prioritize residential development through 2021. The SmartVMC city center development, one of SmartCentres's flagships, is only one of the five Transit City condos closing this fall.

I think this company's 6.1% dividend yield is among the best in high-yield options on the TSX. For investors seeking consistent annual double-digit gains over the long term, SmartCentres is a stock to consider right now.

Algonquin Power

In the utilities space, **Algonquin Power** (TSX:AQN)(NYSE:AQN) is a top-notch dividend stock to consider right now. The company's 4.4% dividend yield is extremely stable, supported by regulated cash flows and a growth-oriented renewables segment. Indeed, there are few stocks providing the mix of growth, income, and value as I see in Algonquin today.

Furthermore, the company’s very meaningful dividend yield is paid in U.S. dollars. Those worried about a strengthening U.S. dollar could invest in Algonquin as a hedge. All the while, Canadian investors can take advantage of the Canada dividend tax credit, boosting returns.

Algonquin has proven itself to be one of the best growth stocks in the utilities space over the years. A series of well-timed acquisitions has brought this company into focus among ESG investors due to the company’s growing exposure to renewables.

Accordingly, this is a dividend stock I think needs to be on long-term investors’ radar right now.

Fortis

Another utilities player I’ve been pounding the table on of late is **Fortis** (TSX:FTS)(NYSE:FTS).

This company’s business model is relatively similar to that of Algonquin, albeit with less renewables exposure. Fortis is a regulated utilities player with a very strong track record of cash flow growth. Accordingly, the company has made a point of being extremely consistent in raising its dividend — doing so each year for nearly five decades.

For investors seeking rising dividend income in retirement, Fortis is a top-notch pick. The company’s dividend yield of 3.6% is excellent, as is the company’s dividend-growth trajectory. Those seeking high-quality dividend stocks can’t go wrong owning Fortis. This is a company to buy today and forget about for a decade or two.

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2. NYSE:FTS (Fortis Inc.)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:FTS (Fortis Inc.)
5. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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