



4 Canadian Stocks for Consistent Dividend Income

Description

Owning a few top-quality [dividend stocks](#) makes sense, as they consistently generate a regular cash inflow, even in down years. But before investing in a dividend-paying stock, it's very important to look at the earnings potential of those companies. Further, one should also focus on the dividend payment history and the payout ratio.

I have shortlisted four Canadian stocks that have a stellar dividend payment history. Furthermore, these companies have a high-quality earnings base and sustainable payouts.

Bank of Montreal

Canadian banking giant **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) has been consistently paying dividends for 192 years and has even raised it at a CAGR of 6% in the last 15 years. Currently, it offers a safe dividend yield of 3.4%.

Thanks to its strong earnings potential and improving operating environment, investors can easily rely on this banking giant for consistent dividend income. Bank of Montreal projects its annual profits to increase by 7-10% in the coming years, indicating it could continue to increase its dividend at the historical rate in the future. Overall, its diverse revenue sources, improving loans and deposit volumes, strong credit performance, and operating leverage could continue to cushion its earnings and drive its dividend.

Canadian Utilities

Canadian Utilities ([TSX:CU](#)) is another excellent stock for investors to generate a growing dividend income stream. For 49 years, Canadian Utilities has uninterruptedly increased its dividends, which is the highest among all the publicly traded Canadian companies. At current price levels, it offers a healthy yield of 4.9%.

I believe the utility company is likely to continue to enhance its shareholders' value with higher dividend payments in the future, as its contractual and rate-regulated assets consistently deliver stable earnings and resilient cash flows. The company's continued investments in the contracted assets and focus on

cost reduction should provide a solid foundation for earnings growth. An improvement in its energy infrastructure business will likely contribute to its earnings and cash flows.

Fortis

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) is a [popular dividend stock](#) that has enhanced its shareholders' returns for a very long period. Thanks to its rate-regulated and low-risk utility assets, Fortis has strong visibility over its future cash flows that helps it to bolster investors' value. Notably, it has raised its dividends for 47 years and expects to increase it annually by 6% through 2025. Currently, Fortis provides a decent yield of 3.6%.

I believe Fortis could deliver resilient cash flows on the back growing rate base. The company projects its rate base to increase by \$10 billion over the next five years, which is encouraging. Meanwhile, strategic acquisitions, investments in infrastructure, and productivity savings could boost Fortis's future growth rate.

Algonquin Power & Utilities

I will wrap up with **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)). The utility giant has well rewarded its shareholders with increased dividend payments in the past. To be precise, it has raised dividends at a CAGR of 10% in the last 11 years and currently offers a healthy yield of 4.3%.

Its high-quality assets and long-term power-purchase agreements provide a solid foundation to generate strong earnings that could drive future payouts. Furthermore, the company's low-risk business, contractual framework, growing rate base, and stable cash flows support my optimism.

CATEGORY

1. Bank Stocks
2. Coronavirus
3. Dividend Stocks
4. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:BMO (Bank of Montreal)
3. NYSE:FTS (Fortis Inc.)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:BMO (Bank Of Montreal)
6. TSX:CU (Canadian Utilities Limited)
7. TSX:FTS (Fortis Inc.)

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