



Dividend Income Investors: 5 Top Canadian Stocks to Buy Now

Description

Higher-yielding [dividend](#) income is harder to find these days. The **TSX Index** has had a strong rise and Canadian dividend stocks have had a nice recovery out of the pandemic. Unfortunately, that means valuations are fairly stretched and dividend yields have compressed.

Yet when markets are high, the key is to own high-quality businesses. When markets turn, they will be more likely to hold their valuation and recover faster. Considering this, here are five top-quality Canadian stocks to buy now and own for long-term dividend income.

Granite REIT

A great example of a solid Canadian stock that quickly recovered out of a crisis is **Granite REIT** ([TSX:GRT.UN](#)). When the COVID-19 pandemic hit last year, its stock only dropped 18%. Yet three months later, it had already recovered its losses and was trading at new highs.

This dividend income stock has a rock-solid balance sheet with one of the lowest leverage ratios in the real estate industry. Likewise, it owns institutional-grade logistics and industrial properties that are contracted to top tenants like **Magna International** and **Amazon**. Today, Granite pays a 3.5%, but it has successfully raised that dividend nine years in a row.

Brookfield Infrastructure Partners

Brookfield Infrastructure Partners's ([TSX:BIP.UN](#))([NYSE:BIP](#)) recovery out of the pandemic has been a bit slower than Granite's. However, it is an equally high-quality dividend income stock to own. It owns and operates essential infrastructure assets across the world. This includes everything from cell towers to HVAC rentals to ports to railroads.

Since its inception in 2008, BIP has produced 15% compounded annual average total returns for investors. It just [won an epic battle to acquire Inter Pipeline](#).

It will now have a large integrated midstream and pipeline network across North America. Today, BIP pays a 3.7% dividend, but investors can expect strong income growth from this acquisition and likely many to follow in the future.

TC Energy: A top dividend-growth income stock

Speaking about pipeline infrastructure, you won't get much better than **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)). Certainly, this company has faced some challenges. One of its largest capital projects, Keystone XL, was recently scrapped by the U.S. government.

Yet it still has \$20 billion of projects in its growth pipeline. The majority of these are focused on natural gas, which is expected to be a major transition fuel for many years to come.

Since 2000, it has grown its dividend by a compounded annual growth rate of 7%. It pays a 5.7% dividend, but it expects to keep growing that payout by 5-7% for the near future.

TD Bank: A safe dividend income stock

A discussion about dividend income would not quite be complete without the inclusion of a Canadian bank. **TD Bank** ([TSX:TD](#))([NYSE:TD](#)) is a favourite right now. Among peers, it has some of the highest exposure to personal and commercial retail banking. It is a retail leader in Canada, but also in the eastern U.S.

As the pandemic crisis wanes, TD should really benefit from general economic strength and rising interest rates. Likewise, this dividend income stock is very well capitalized with lots of extra cash.

Eventually regulators will allow the Canadian banks to deploy reserves. Investors can likely expect a dividend increase and/or share buybacks. This stock pays a solid 3.8% dividend right now.

Sylogist

Sylogist ([TSX:SYZ](#)) is perhaps not as well known as the above large-cap stocks. But it is an interesting dividend income stock. It is, in fact, a technology business. It provides crucial enterprise planning and management software for educational institutions, not-for-profits, and charities.

Its solutions are essential to its customer's operations. Consequently, it garners very high profit margins and stable recurring revenues. While it is not growing as fast as other tech stocks, it generates stable free cash flow yields that enable it to pay an attractive 3.8% dividend.

The company has a new management team, \$22 million in cash, and opportunity for acquisition expansion. All in all, it is a great tech stock to own for stable, growing [streams of income](#).

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. NYSE:TD (The Toronto-Dominion Bank)
3. NYSE:TRP (Tc Energy)
4. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
5. TSX:GRT.UN (Granite Real Estate Investment Trust)
6. TSX:SYZ (Sylogist Ltd.)
7. TSX:TRP (TC Energy Corporation)

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Author

robbybrown

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