Income Investors: Bet On These 3 Under-$100 Dividend Stocks

Description

Dividend stocks are a wise option for your portfolio if you are seeking steady income and long-term growth. While there are several stocks listed on the TSX that pay dividends, let's narrow those down to three stocks that I believe have the potential to pay and increase their future dividends regularly.

Notably, these dividend stocks are trading below $100 and have yields more than 3%.

Enbridge

I have repeatedly said that **Enbridge** (TSX:ENB)(NYSE:ENB) is one of the most reliable stocks for investors seeking a growing dividend income stream. Enbridge has paid regular dividends since 1953 and increased it by a CAGR of 10% in the past 26 years. With its current quarterly dividend of $0.835 a share, Enbridge offers an incredible yield of 6.8%.

Looking ahead, Enbridge projects 5-7% growth in its distributable cash flow per share, suggesting that its future dividends could grow at a similar pace. Thanks to its diverse cash flow streams, contractual arrangements, and continued momentum in the core business, the energy infrastructure company could continue to generate robust cash flows.

I remain upbeat on Enbridge's $17 billion secured capital program, higher utilization of its assets, rate growth, and recovery in mainline volumes. Furthermore, the improved energy outlook, opportunities in the renewable segment, and cost-optimization will likely cushion its bottom line and support increased dividend payments.

Scotiabank

Scotiabank (TSX:BNS)(NYSE:BNS) is another reliable dividend income stock. The bank has consistently enhanced its shareholders' return and has paid dividends since 1833 on the back of its ability to increase earnings consistently. Besides paying dividends for a long time, Scotiabank increased it at a CAGR of 6% since 2009. At current price levels, it offers a healthy yield of over 4.4%.

I believe the bank is well positioned to deliver higher earnings in the coming years, which could continue to support its dividend payments. Scotiabank is poised to benefit from its diverse revenue streams, exposure to high-growth markets, acceleration in digital banking, and growing scale. Furthermore, expected growth in loans and deposit volumes, lower credit provisions, solid expense management, and improving efficiency could continue to drive Scotiabank's profitability and, in turn, dividend payments.

Furthermore, Scotiabank is trading at a price-to-earnings multiple of 10.6 and a price-to-book value multiple of 1.5, reflecting a significant discount to its peers. The bank's current valuation indicates that Scotiabank stock has further room for growth.

AltaGas

Besides Enbridge and Scotiabank, investors could consider **AltaGas** (TSX:ALA) for a steady dividend income stream. Notably, AltaGas offers monthly payouts, and its dividend is very safe thanks to the balanced portfolio of low-risk utility assets and high-growth midstream business. Currently, AltaGas stock offers a decent dividend yield of 3.9%, which is safe.

AltaGas's utility assets deliver predictable cash flows that drive its monthly dividend payments. Furthermore, rate base growth, increased customer count, and cost-control initiatives in the utility segment could bolster its cash flows. Moreover, increased global export volumes, integration of Petrogas, increased utilization rate is likely to accelerate its growth in its midstream business.

AltaGas remains focused on building a diversified, low-risk, and high-growth energy infrastructure business that could consistently compound investors' returns over time.

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