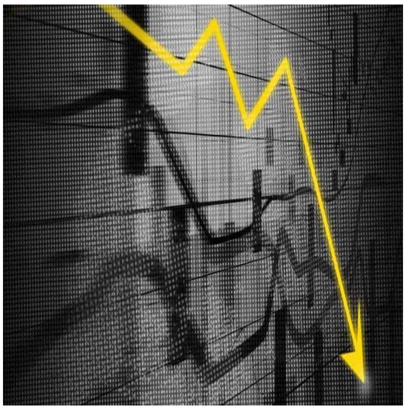

3 Canadian Dividend Stocks to Ride Out a Market Correction

Description

The stock market is due for a healthy correction after the major rally off the 2020 lows. As we head into historically risky September and October, investors might want to add defensive dividend stocks to their portfolios.

Algonquin Power

Algonquin Power (TSX:AQN)(NYSE:AQN) owns renewable power generation assets and utilities primarily located in the United States. The renewable energy assets include hydroelectric, solar, and wind facilities. The utility businesses supply electricity and water to commercial and residential customers.

Algonquin Power is advancing a number of growth projects to boost revenue and cash flow. The company also makes strategic acquisitions to expand its asset portfolio. Algonquin Power reported solid Q2 2021 results. Adjusted EBITDA rose 39% to US$245 million in the quarter compared to the same time last year.

The board raised the dividend by 10% in 2021, and steady distribution hikes should continue in the coming years. At the time of writing, investors can pick up an annualized yield of 4.25%.

Emera

Emera (TSX:EMA) is a utility company based in Nova Scotia with assets located in Canada, the United States, and the Caribbean.

The company owns natural gas distribution and electricity services utilities. These businesses operate in regulated environments and generate reliable cash flow. Emera has a $7.4 billion capital program in place through 2023. An additional $1.2 billion in projects is under consideration and could get added to the portfolio.

The company expects the rate base to expand by as much as 8.5% by the end of 2023. This should support annual dividend hikes of at least 4% over the next couple of years. Investors who buy the stock at the current price of $60 per share can pick up an annualized dividend yield of 4.25%.

Telus

Telus (TSX:T)(NYSE:TU) provides mobile, internet, and TV services across Canada. The company continues to expand its wireless and wireline assets, including the rollout of 5G and fibre optic networks.

Telus also owns a growing health group that provides digital solutions to physicians, hospitals, and insurance companies. This division garnered a lot of attention in the past year, and the expansion of digital health consultations is expected to continue as more people become comfortable getting a diagnosis from their health professional via online apps.

The ramp up of 5G should lead to new revenue opportunities. Telus is also focused on building its security services as businesses and homeowners search for remote monitoring options while they are away from their properties.

Telus has a great track record of dividend growth. The current payout provides an annualized yield of 4.35%.

The company successfully raised cash this year through a share sale and the IPO of its international business to help fund the purchase of 5G spectrum and build out the new network infrastructure.

Roaming fees should bounce back, as travel restrictions end. This could provide a nice boost to revenue next year.

The bottom line

Algonquin Power, Emera, and Telus all provide essential services and have revenue streams that tend to hold up well, even when the economy hits a rough patch. The stocks are good defensive picks to ride out a downturn, and all provide attractive dividends that should continue to grow.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:TU (TELUS)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:EMA (Emera Incorporated)
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