



The 3 Best Dividend Stocks in Canada: Buy 1 Now!

Description

[Dividend investing](#) isn't just about the yield. In fact, high-yield dividend stocks are probably not the best.

The best dividend stocks to invest in don't simply pay safe dividends. Ideally, they grow their dividends at an above-average pace and tend to deliver outperforming total returns.

Here are some of the best dividend stocks in Canada. One is definitely worth your while to consider buying now.

National Bank of Canada

National Bank of Canada ([TSX:NA](#)) should be on the top of the list for investors looking for a quality bank holding. Since 2007, it has delivered annualized returns of about 11.6%, while increasing its dividend at a compound annual growth rate (CAGR) of approximately 7.9%. These results are definitely above average among the Canadian banks.

Its earnings have also been more stable through economic cycles. In the last 20 years or so, in the worst year, its earnings per share declined by 8%. And it only experienced an earnings decline in three years in the period.

The bank is still a quality business today, but it's fully valued and offers a yield of lower than 3%. At best, the stock could go sideways over the next 12 months.

It would be best if interested investors could pick up shares during market corrections, bear markets, or times of high economic uncertainties. For example, during the pandemic market crash, it dropped to about \$40 per share, about 6.3 times normalized earnings, and offered a massive yield of over 7%.

Brookfield Infrastructure

Another best dividend stock to buy and hold is **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#))([NYSE:BIP](#))

). Its diversified infrastructure operations demonstrated super defence during the pandemic last year with funds from operations (FFO) per-unit growth of 2%. In combination with maintaining a sustainable FFO payout ratio of 60-70%, it supported dividend growth healthily throughout the testing time for any business.

The quality of the business shines through in the dividend stock's strong upward trend. Since 2009, the quality stock has delivered annualized returns of about 20% with a dividend-growth rate of 10%.

The global utility is growing in scale with about US\$60 billion of utility, transport, midstream, and data infrastructure assets across four geographies.

Management's strategy is straightforward. It's a value investor who seeks quality infrastructure assets, has extensive experience in improving acquired assets, and actively sells mature assets to redeploy proceeds for higher returns.

Currently, Brookfield Infrastructure is fairly valued and offers a yield of 3.6%. Going forward, management projects to increase its cash distribution by 5-9% a year.

goeasy

goeasy ([TSX:GSY](#)) is different from National Bank and Brookfield Infrastructure in that it has been a high-growth dividend stock. Its CAGR for its dividend since 2004 has been greater than 21%, despite keeping its dividend the same for seven years during that time. Since 2004, the stock has also delivered extraordinary annualized returns of 22%. So, don't be deterred by its relatively small yield of 1.4%. This one is primarily for price appreciation and dividend growth.

The non-prime lender had multiple growth spurts over the years. In 2000, it launched easyhome, which allowed consumers to rent to own furniture, appliances, and electronics. Imagine paying \$22 a week for a fridge or \$35 a week for a nine-piece bedroom package until they're paid off.

In 2019, goeasy followed with the launch of easyfinancial, providing personal and bad credit loans that charged rates of about 20-47%, the low end of which is similar to credit card rates.

Currently, it's focused on integrating LendCare, which provides non-prime financing at the point of sale to expand its non-prime lending platform. Essentially, it's widening its product range, growing its distribution channels, and expanding its geographical reach.

The Foolish investor takeaway

In my humble opinion, interested investors should take a closer look at Brookfield Infrastructure and [goeasy](#) as possible buys today and add National Bank to their radars.

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2. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
3. TSX:GSY (goeasy Ltd.)
4. TSX:NA (National Bank of Canada)

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