The 3 Best Dividend Aristocrats to Buy Under $100

Description

If you are looking to invest in top dividend stocks, consider buying the shares of **Enbridge** (TSX:ENB)(NYSE:ENB), **Fortis** (TSX:FTS)(NYSE:FTS), and **TC Energy** (TSX:TRP)(NYSE:TRP). These companies are Dividend Aristocrats, implying they have consistently paid and increased their dividends for a very long period. Moreover, their resilient cash flows indicate that investors can easily rely on these companies for a steady income stream. Furthermore, these Dividend Aristocrats are trading under $100.

Enbridge

Enbridge has a consistent track record of increasing dividends and delivering solid shareholder returns. Its dividend marked a compound annual growth rate of 10% over the last 26 years. Moreover, it has paid dividends for over 66 years.

Enbridge's robust dividend payments are backed by diverse assets that generate utility-like predictable and growing cash flows. Meanwhile, contractual arrangements augur well for dividend growth. Looking ahead, Enbridge's diverse cash flow streams and a $17 billion secured capital program are likely to generate incremental EBITDA and support higher dividend payments.

Moreover, a recovery in mainline volumes amid a steady increase in economic activities will likely drive its financials. Also, continued momentum in the base business, capacity expansion, and productivity improvements will likely drive its distributable cash flows. Enbridge offers a dividend yield of 6.7% at current price levels, while its payouts are very safe.

Fortis

With 47 years of consecutive dividend increases and a 6% average annual dividend-growth guidance through 2025, Fortis is a must-have Dividend Aristocrat in every income investor’s portfolio. Fortis’s low-risk utility assets deliver predictable and growing cash flows and, in turn, support higher dividend payments.

It’s worth noting that Fortis’s $19.6 billion capital plan will increase its rate base by approximately $10 billion through 2025. Its growing rate base, high-quality regulated earnings base, and focus on diversification through investments in infrastructure and renewable power bode well for future growth. Moreover, strategic acquisitions will likely accelerate growth.

Fortis’s dividend yield stands at 3.5%, while its average payout ratio of 65.5% is sustainable in the long run.

TC Energy

TC Energy is another reliable stock for investors to generate a growing income stream. Its low-risk and high-quality assets deliver stellar profits and cash flows that support higher dividend payments. TC Energy’s dividend witnessed a compound annual growth rate of 7% in the last 21 years. Furthermore, it projects a 5-7% increase in annual dividend in the future.

TC Energy’s $21 secured capital program, robust developmental portfolio, and healthy project mix will likely drive its profitability and cash flows and, in turn, its dividend payments.

I believe its growing base of regulated and contracted assets and higher utilization rate position it well to bolster its shareholders’ return.

On average, it has delivered a total shareholder return of 12% since 2000 and could continue to produce similar returns in the coming years.

Bottom line

These Canadian companies have businesses that consistently generate resilient and growing cash flows, implying that they could enhance shareholders’ returns through increased dividend payments in the future years. Moreover, the payouts of these companies are very safe and sustainable in the long run.

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2. NYSE:FTS (Fortis Inc.)

3. NYSE:TRP (Tc Energy)
4. TSX:ENB (Enbridge Inc.)
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