



3 Top High-Growth Income Stocks to Buy Now

Description

Dividend stocks are relatively safe bets for investors seeking steady income along with decent capital gains. While dividend-paying companies generate resilient earnings and cash flows that support their regular payouts, they are not always dull and boring.

For instance, several top-quality dividend stocks listed on the TSX have consistently paid and increased their dividends. Moreover, they have outpaced the broader markets by a considerable margin over the past several years, thanks to their rapidly growing businesses.

Thus, with solid income and growth in the background, let's dig deeper into three Canadian stocks that look attractive bets at current levels.

AltaGas

Let's begin with **AltaGas** ([TSX:ALA](#)), which, in my view, is a top stock for both [growth and income](#). Shares of this utility company have witnessed strong buying and have risen over 66% in one year, outperforming the benchmark index significantly. Besides the growth in its share price, AltaGas's low-risk utility business generated robust cash flows that helped it to enhance its shareholders' returns through higher dividend payments.

Notably, AltaGas pays a monthly dividend of \$0.083 per share, translating into a decent dividend yield of over 3.8%. Meanwhile, its high-quality utility assets and rate base growth suggest that AltGas could increase its dividends at a healthy pace.

While its low-risk utility assets cover dividend payouts, its high-growth midstream operations drive its revenue and earnings and, in turn, its stock price. I believe the improved energy demand, integration of Petrogas, higher export volumes, customer acquisitions, and increased utilization rate could accelerate its growth rate and drive shareholders' returns.

Algonquin Power & Utilities

Investors can also rely on **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) stock for a steady dividend income and growth over time. Notably, Algonquin Power & Utilities has raised its dividend payments at a CAGR of 10% for more than a decade. Currently, it pays a quarterly dividend of US\$0.171 per share and yields about 4.4%.

I believe the utility giant is well positioned to continue to enhance its shareholders' returns through increased dividends, as it generates solid earnings and predictable cash flows. The company's low-risk business backed by regulated utility assets and long-term contracts continues to drive its earnings and dividend payments.

Besides, rate base growth, strategic acquisitions, and solid growth opportunities in the renewable business will likely boost its earnings and support the uptrend in its stock.

Bank of Montreal

Bank of Montreal ([TSX:BMO](#))([NYSE:BMO](#)) is another [solid play](#) for growth and income. Its high-quality earnings, solid deposits base, and ability to drive loan volumes support the uptrend in its stock. Further, its strong credit performance and improved efficiency ratio cushion its profitability and support higher dividend payments.

While Bank of Montreal stock has appreciated about 65% in one year, I expect it to increase further due to the strong growth in its earnings and improving operating environment. I believe Bank of Montreal's diversified business mix, improving credit demand, and operating leverage position it well to deliver solid growth.

Furthermore, its solid credit quality, strong balance sheet, and an expected increase in interest rates further support my bullish outlook. The bank has the longest dividend payment history (192 years). Moreover, it pays a quarterly dividend of \$1.06 per share, offering a decent yield of 3.3%. Also, Bank of Montreal stock trades at a lower valuation, making it well within investors' reach.

CATEGORY

1. Bank Stocks
2. Coronavirus
3. Dividend Stocks
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1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:BMO (Bank of Montreal)
3. TSX:ALA (AltaGas Ltd.)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:BMO (Bank Of Montreal)

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