3 Top Canadian Dividend Stocks to Buy This Month

Description

With their predictable payout, dividend stocks are an excellent addition to a well-rounded investment portfolio. However, not all dividend-paying stocks are worth buying, and investors should be careful while choosing the stocks. Meanwhile, if you are looking to buy dividend stocks, here are three top Canadian stocks that are financially strong, generate stable cash flows, and pay dividends at a healthy rate.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) operates 40 diverse revenue-generating assets, with 98% of its adjusted EBITDA generated from regulated assets or long-term contracts. So, its cash flows are stable, thus allowing it to pay dividends uninterruptedly for the last 66 years. It has also increased its dividends at a CAGR of over 10% for the previous 26 years. Currently, it is paying a quarterly dividend of $0.835 per share, with its forward yield standing at 6.61%.

Meanwhile, rising energy demand could improve Enbridge's asset utilization rate, thus boosting its financials in the coming quarters. It has also planned to invest around $17 billion from 2021 and 2023 to expand its midstream energy and renewable assets. These investments could increase the company's adjusted EBITDA by $2 billion, thus allowing it to continue its dividend growth. So, I believe Enbridge would be an excellent buy for income-seeking investors.

Algonquin Power & Utilities

After delivering solid returns over the last five years, **Algonquin Power & Utilities** (TSX:AQN)(NYSE:AQN) has been under pressure this year, with its stock price falling 11.5%. The correction has dragged its valuation to attractive levels, with its forward price-to-earnings standing at 18.3. So, long-term investors should utilize this correction to accumulate the stock, given its healthy growth prospects and higher dividend yield.

Algonquin Power & Utilities is involved in low-risk utility services, serving around 1 million customers.

Besides, it also operates renewable power-generating facilities, with most of the power generated from these facilities sold through long-term agreements, thus delivering stable cash flows. Supported by these stable cash flows, the company has raised its dividends by over 10% for the last 11 years. Currently, it is paying a quarterly dividend of $0.2134, with its forward yield standing at 4.60%.

Meanwhile, the company has planned to expand its utility and renewable assets by investing around $9.4 billion from 2021 to 2025. These investments could boost Algonquin Power & Utilities's financials in the coming quarters. So, given its healthy growth prospects and low-risk business, I am bullish on Algonquin Power & Utilities.

BCE

BCE (TSX:BCE)(NYSE:BCE) generates stable cash flows, thanks to its recurring revenue stream and solid and growing customer base. These steady cash flows have allowed the company to raise its dividends uninterrupted since 2008. Meanwhile, its forward yield currently stands at a juicy 5.53%. Besides, rising digitization and remote working and learnings have raised the demand for faster and reliable internet services, benefiting BCE.

Amid the expansion of its addressable market, BCE is investing in growing its 5G and high-speed broadband network, which could boost its financials in the coming quarters. In July, it acquired 271 new licenses by investing $2.07 billion, which could help in expanding its 5G service across Canada. And given its liquidity standing at $5.3 billion, its financial position also looks healthy. So, I believe BCE's dividends are safe.

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