3 Under-$100 Canadian Dividend Stocks I'd Buy Now

Description

Investing in dividend stocks has many benefits. The most popular one is passive income. But apart from passive income, top-quality dividend-paying companies are usually large corporations with a strong foothold in their respective sectors, indicating that they are less volatile. Further, since these companies have the ability to consistently generate profits (as dividends are paid out of profits), their stock price appreciates over time, providing investors the dual benefit of growth and income.

This article will focus on three high-quality dividend stocks that could help investors generate reliable and growing dividend income.

Telus

With its long history of profitable revenue and subscriber growth, **Telus** (TSX:T)(NYSE:TU) is one of the top stocks for investors looking for a reliable dividend income stream. Telus, through its multi-year dividend growth program, targets 7-10% annual growth in its dividend. Moreover, it has paid dividends worth $15 billion since 2004.

Telus's robust dividend payments highlight its ability to drive revenues and generate strong earnings through cost-efficiency. Furthermore, the growth in its dividends comes despite the company investing heavily in technology and network infrastructure.

Looking ahead, Telus's strong subscriber growth, diversified revenue streams, improved sales mix, and cost efficiency will likely drive its revenue and profitability. Furthermore, its focus on strategic acquisitions and expansion of its PureFibre and 5G coverage augurs well for future growth. Besides higher dividend payments, Telus boosts its shareholders' returns through share buybacks. Telus pays an annual dividend of $1.26 a share, reflecting a yield of 4.6%.

Fortis

Thanks to its decades-long dividend payment history, utility giant **Fortis** (TSX:FTS)(NYSE:FTS) is another stock worth investing in. To give a background, Fortis has paid and raised dividends for 47 years in a row. Meanwhile, it expects its annual dividend to grow at an average of 6% over the five years. Its low-risk business model, predictable cash flows, and visibility over future dividend growth make it an ideal investment for income investors.

It owns 10 diversified and regulated utility businesses that generate high-quality earnings and remain immune to economic cycles. Further, the company's strategic capital plan will likely drive its rate base. Notably, Fortis expects its rate base to reach over $40 billion by 2025, which will likely boost its earnings, and in turn, its dividend payments.

Besides rate base growth, higher retail electricity sales, renewable power generation capacity expansion, and acquisitions would accelerate Fortis's growth rate. It pays a dividend of $2.02 a share annually, translating into a yield of 3.9%.

Toronto-Dominion Bank

With a dividend history of 164 years, **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) is an obvious choice for income investors. This leading Canadian Bank's dividends have a compound annual growth rate (CAGR) of 11% since 1995, the highest among its peers. It pays a dividend of $3.16 a share annually, reflecting a yield of 3.7%.

With continued improvement in the economy and its diverse revenue streams, Toronto-Dominion Bank will likely deliver solid growth in the coming years. Meanwhile, lower provisions and operating leverage will likely drive its earnings. Further, the expected improvement in credit demand, solid capital positioning, and robust balance sheet bode well for growth.

CATEGORY

1. Bank Stocks
2. Coronavirus
3. Dividend Stocks

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1. NYSE:FTS (Fortis Inc.)
2. NYSE:TD (The Toronto-Dominion Bank)
3. NYSE:TU (TELUS)
4. TSX:FTS (Fortis Inc.)
5. TSX:T (TELUS)
6. TSX:TD (The Toronto-Dominion Bank)

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