The 3 Best Canadian Stocks for Dividend Income

Description

Investors willing to augment their income amid the low interest rate environment could consider adding high-quality dividend stocks to their holdings. A few top-quality Canadian dividend stocks are still trading at attractive prices and continue to offer stellar yields. So, if you have $300 to invest now, consider adding these Canadian Dividend Aristocrats.

Canadian Utilities

With 49 years of annual dividend increases, **Canadian Utilities** (TSX:CU) is one of the top stocks that you could consider buying right now for regular income. Canadian Utilities's regulated and contracted businesses generate strong earnings that support its payouts. It's interesting to note that it has invested over $13 billion in regulated utility operations in the past nine years that are the core to its high-quality earnings.

Looking ahead, Canadian Utilities will continue to invest in the core business, expand geographically, optimize its energy infrastructure assets, and accelerate growth through strategic acquisitions. Furthermore, its strong balance sheet and financial capacity to fund its growth initiatives through predictable cash flows will likely support long-term growth.

Overall, Canadian Utilities's low-risk business model, planned $3.2 billion investments in regulated assets through 2023, growing rate base, and cost optimization will support high-quality earnings growth and, in turn, drive higher dividend payments in the future. It pays a quarterly dividend of $0.44 a share, reflecting a solid yield of over 5%.

Enbridge

Like Canadian Utilities, I am bullish on **Enbridge** (TSX:ENB)(NYSE:ENB) stock. This energy infrastructure company has not let its investors down when it comes to dividends and is among the top stocks listed on the TSX to generate regular passive income. Irrespective of the economic cycles, Enbridge has consistently paid dividends for more than 66 years. Further, its dividend has a CAGR of

10% in the last 26 years.

Enbridge’s robust dividend payments are supported by its diversified cash flows and contractual framework. The continued strength in its core business, higher asset utilization rate, and cost-saving initiatives suggest that the company could generate strong distributable cash flows and pay increased dividends.

The economic expansion, improving demand trends, and momentum in gas distribution, storage, and transmission business will likely drive its cash flows. Furthermore, a $17 billion secured capital program, opportunities in the renewable power business, and strategic acquisitions will accelerate its growth rate and generate incremental earnings. Enbridge is yielding 6.3% at current price levels. Moreover, its target payout ratio of 60-70% of the distributable cash flows is sustainable in the long run.

Fortis

With 47 consecutive years of dividend increases, continued growth in rate base, and low-risk business, **Fortis** (TSX:FTS)(NYSE:FTS) is a must-have stock in your portfolio to supplement your income. Its diversified regulated utility assets account for almost all of its earnings, implying that its payouts are very safe.

Fortis’s $19.6 billion capital is likely to increase its rate base by about $10 billion by 2025 and expand its high-quality earnings base. Further, its strategic acquisitions, growing renewable power capacity, and cost-saving initiatives augur well for growth.

With its resilient cash flows, growing asset base, and regulated framework, Fortis remains well positioned to boost shareholders’ returns in the coming years. It is projecting 6% annual growth in its dividends through 2025 and is currently yielding about 3.8%.

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