2 Boring Dividend Stocks That Work

Description

The **TSX** extended its winning streak to 11 consecutive days on October 19, 2021, finishing at a new record high of 21,188.20. It's a fantastic feat following a lackluster September. With their impressive year-to-date performances, the energy, financial, real estate, and technology sectors are back in the limelight.

When the market is doing well, the utility sector usually takes the backseat. Many people regard its constituents as boring investments. However, when the going gets tough, investors' attention shifts to the top two utility stocks, **Canadian Utilities** (TSX:CU) and **Fortis** (TSX:FTS)(NYSE:FTS).

But why wait for a correction or bear market to own either dividend stock? You can take positions now because they work. You get capital protection and dividend safety at the same time regardless of the economic environment. Both companies boast the longest dividend growth streaks on the TSX.

Longest dividend growth streak

Canadian Utilities is a subsidiary of **Atco**. whose scope and scale of operations are global. The $9.4 billion company delivers electricity and natural gas to end-users in Canada, Mexico, and Puerto Rico. It has been in existence since 1927. The businesses (utilities and energy infrastructure) aren't hard to understand because the services are everyday essentials of people.

Likewise, the investment thesis is simple. Canadian Utilities leads all TSX dividend stocks in dividend growth streak. The company has raised its dividends for 48 consecutive years. According to management, the yield grows in line with sustainable earnings growth.

Since the earnings base is highly contracted (long-term) and regulated, the top-tier utility firm has a foundation for continued and uninterrupted dividend growth. Investments in regulated operations have reached $12 billion in the last eight years. From 2020 to 2022, management will spend an additional $3.5 billion in regulated and long-term contracted assets.

CU's high-quality earnings base and cash flows should be stronger. The most recent development is the partnership with **Suncor Energy** to work on an early-stage design and engineering of a potential clean hydrogen project in Fort Saskatchewan, Alberta.

At $34.85 per share, the dividend yield is 5.06%. Don’t expect much on price appreciation, although current investors enjoy a 16.4% year-to-date gain.

Must-buy-and-forget

Fortis is second to Canadian Utilities regarding dividend growth streaks. The $26.55 billion regulated electric and gas utility company has increased its dividends for 47 straight calendar years. Also, the plan is to reward investors with a 6% annual dividend growth through 2025. The share price is $55.45, and the dividend yield is 3.86% if you invest today.

Under Fortis’ umbrella are 10 affiliated companies. Its electric and gas operations cater to customers in 17 jurisdictions in Canada, the U.S., and the Caribbean. Management’s ongoing concerns are expansion and diversification through increased investments in *infrastructure and renewable power.*

While this utility stock is unlikely to deliver double-digit gains, there are no wild price swings. You invest in Fortis for its defensive qualities, such as growing cash flows from regulated assets. Some investors even liken the stock to bonds. Others go further by saying Fortis is a must-buy-and-forget income stock.

Recession-resistant

Canadian Utilities and Fortis investors won’t push the panic button when the stock market goes haywire. Both are recession-resistant stocks that have never missed increasing dividends yearly for almost 50 years.

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1. Dividend Stocks
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