3 Top Canadian Dividend Stocks for Long-Term Investors

Description

Many perceive dividend investing as boring. However, steady returns could create massive wealth in the long term with relatively lower risk. Here are some of the top dividend stocks you can consider.

TC Energy

TC Energy (TSX:TRP)(NYSE:TRP) is Canada's second-biggest midstream energy company. It has increased shareholder payouts every year since 2000 and currently yields a stellar 6%. It aims to increase dividends by 3-5% for the next few years.

Apart from handsome dividends, TC Energy's stable business model makes it an appealing bet. It operates a unique energy pipeline network and transports 25% of the total natural gas demand of North America. Interestingly, over 95% of its earnings come from regulated or long-term contracts. This substantially lowers investor risk and provides dividend-growth visibility.

TC Energy expanded its asset base from $25 billion in 2000 to $100 billion in 2021. It aims to invest $21 billion through 2025 in capital projects that will likely drive future growth.

TRP stock has fallen 13% since late October and, thus, presents an attractive opportunity for long-term investors. Its stable cash flows, quality asset base, and juicy dividends could generate decent shareholder returns in the long term.

Fortis

Canada's top utility stock **Fortis** (TSX:FTS)(NYSE:FTS) is another attractive TSX stock for income-seeking investors. It yields 3.8% at the moment, higher than TSX stocks on average. In addition, Fortis has one of the longest dividend-growth streaks in Canada, with 48 years of consecutive payout increases.

Fortis makes a large portion of its earnings from regulated operations. This enables stability and predictability of shareholder returns. Thus, the company aims to increase dividends by 6% annually through 2025.

Moreover, utilities are some of the most generous companies in the broader market. They distribute a significant chunk of their earnings, around 60-70%, among shareholders in the form of dividends. Fortis gave away 67% of its earnings as dividends last year.

In addition, stocks like FTS have a lower correlation with broader markets. If stocks on average fall by 1% on a particular day, utility stocks generally fall by less than 1%. That's because market participants perceive them as safe havens. Investors take shelter in utilities when equities are volatile due to their dividends and slow stock movements.

Whitecap Resources

Whitecap Resources (TSX:WCP) has been firing on all cylinders amid this year's energy commodities rally. It is a $5 billion oil and gas producer that generates 90% of its revenues from crude oil. It has returned 80% in the last 12 months, outperforming peers.

Whitecap pays monthly dividends and yields 4% at the moment. Note that it is a relatively risky bet relative to the above two due to its higher exposure to volatile oil and gas prices.

Rallying oil and gas prices notably boosted Whitecap's free cash flows in 2021. As a result, the company increased shareholder dividends on three occasions this year. It has also been very active on the acquisitions front of late. In the last six months, it completed strategic buyouts of NAL resources, Kicking Horse Oil and Gas, and TORC Oil and Gas.

Importantly, higher potential oil prices amid reopenings could continue to boost Whitecap's earnings. It looks like an attractive bet from the total-return perspective.

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