



5 TSX Dividend Stocks to Buy and Hold Forever

Description

Dividend stocks are attractive investments to generate a steady inflow of cash. However, investors planning to invest in dividend stocks should take caution before investing and look at the future earnings potential of a company. While several TSX stocks pay dividends, only a few are worth holding for the long term.

Among reliable dividends stocks, here are my top five picks.

Toronto-Dominion Bank

With its ability to consistently grow its earnings at a decent pace, **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) has paid and increased its dividends for several years. It's worth noting that Toronto-Dominion Bank has increased its dividends at a CAGR of 11% since 1996. This growth rate is the highest among its peers.

Thanks to its diversified business model, improved efficiency, and lower provisions, I expect Toronto-Dominion Bank to continue to deliver solid earnings, which will likely drive its dividend payments. Toronto-Dominion Bank pays quarterly dividends and offers a yield of 3.8% at current levels.

Fortis

Next up is **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)). This utility company holds the record of increasing its dividends for 48 years in a row. Meanwhile, Fortis expects its dividends to grow by 6% annually through 2025. Its diversified and regulated assets generate predictable cash flows that drive its higher dividend payments and visibility over its future earnings.

Fortis projects its rate base to increase to \$41.6 billion by 2026, which will drive its high-quality earnings base and support [higher dividend payments](#). Moreover, geographic expansion and growing renewable capacity augur well for future growth. Fortis is yielding 3.7%.

Enbridge

Similar to Fortis, **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) is another [no-brainer](#) if you plan to buy a high-quality dividend stock. Enbridge's diversified cash flows, take-or-pay/cost-of-service arrangements, and continued strength in the core business have led the company to consistently boost its dividends for the past 26 years.

Enbridge offers a high yield of 6.9% and remains on track to hike its future dividends at a healthy mid-to high-single-digit rate in the coming years. Its solid capital program, strategic acquisitions, and opportunities in the renewable segment provide a solid platform for future growth.

Algonquin Power & Utilities

With a history of increasing its dividends at a CAGR of 10% for the last 11 years, **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) is among the most reliable bets to buy and hold for the long term. Its growing rate base, long-term contractual framework, and predictable cash flows support higher dividend payments.

Looking ahead, its \$9.4 billion capital program will likely drive its high-quality earnings base. Further, its growing renewables footprint, strategic acquisitions, and cost-saving initiatives augur well for future dividend growth. Algonquin Power & Utilities stock pays quarterly dividends and is yielding 4.9%.

Bank of Montreal

Bank of Montreal ([TSX:BMO](#))([NYSE:BMO](#)) is another stock in the banking sector worth investing in for a reliable dividend income. It has been dividends for a very long period and has consistently increased it on the back of its solid earnings.

I believe Bank of Montreal's ability to drive its loans and deposit volumes, operating leverage, strong credit performance, and lower provisions position it well to deliver strong earnings, which will support higher dividend payments. Bank of Montreal also pays quarterly dividends and offers a dividend yield of 3.9%.

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2. NYSE:BMO (Bank of Montreal)
3. NYSE:ENB (Enbridge Inc.)
4. NYSE:FTS (Fortis Inc.)
5. NYSE:TD (The Toronto-Dominion Bank)
6. TSX:AQN (Algonquin Power & Utilities Corp.)

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8. TSX:ENB (Enbridge Inc.)
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