3 TSX Dividend Stocks You Can Count On in 2022

Description

A high-quality TSX dividend stock can help generate a regular cash inflow and add stability to your portfolio amid wild market swings. Let's focus on three high-quality dividend stocks that have been consistently growing their dividends at a healthy pace, have solid earnings bases, and remain on track to increase dividends further in the coming years.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) stock needs no introduction to income investors. This utility company has increased dividends for the past 48 consecutive years and could continue to hike it further over the coming years. Notably, Fortis's diversified utility assets generate predictable cash flows and drive higher dividend payments.

Looking ahead, Fortis projects its dividends to increase by 6% annually through 2025. The company's forecast is based on its growing rate base. Fortis expects its rate base to reach $41.6 billion by 2026, which will lead to an increase in its high-quality earnings base and support dividend payments.

Overall, Fortis's low-risk and high-quality utility assets, growing rate base, increase in renewables capacity, strategic acquisitions, and continued investments in growth will likely drive its future earnings and dividend payments. Fortis's quarterly dividend of $0.535 translates into a yield of 3.5%.

Algonquin Power & Utilities

Algonquin Power & Utilities (TSX:AQN)(NYSE:AQN) is a reliable dividend stock for 2022. Its conservative business mix, resilient cash flows, and rate base growth has driven its dividend payments. Like Fortis, Algonquin Power has consistently increased its dividends. Notably, its dividends have a CAGR of 10% since 2010.

Looking ahead, its rate-regulated assets, long-term agreements, renewable power capacity expansion, and strategic acquisitions will likely accelerate its growth and drive higher dividend payments.

I remain upbeat about its robust capital program and growing rate base. It's worth noting that Algonquin power expects its rate base to increase at a CAGR of about 15% over the next four years, which will likely drive its high-quality earnings base. Furthermore, Algonquin Power expects its earnings to increase by 7-9% annually through 2026. Investors can easily rely upon its dividends, given the increased visibility over its earnings. At current levels, Algonquin offers a dividend yield of 4.7%.

Toronto-Dominion Bank

Toronto-Dominion Bank (TSX:TD)(NYSE:TD) has raised its dividends aggressively over the past several years. Moreover, it has been paying dividends for a very long period. To be precise, Toronto-Dominion Bank has been paying dividends for about 164 years. Moreover, its dividends have an annualized growth rate of 11% since 1995, which is the highest among its peers.

Toronto-Dominion Bank's solid dividend payments are supported by a diversified business mix and consistent earnings growth. This bank recently announced a 13% hike in its quarterly dividend and remains on track to consistently boost its shareholders' returns on the back of its strong capital position and operating leverage.

I expect Toronto-Dominion Bank to benefit from economic expansion, ongoing strength in the wealth and insurance business, and an uptick in loans and deposit volumes. Moreover, lower credit provisions and improved efficiency augur well for growth. Toronto-Dominion Bank's quarterly dividend of $0.89 a share reflects a dividend yield of 3.7%.

CATEGORY

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

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snahata