



2 Dividend Aristocrats Yielding Over 4.4% to Buy

Description

Dividend stocks are wise options for passive investors or those needing [extra cash flows](#) aside from their active income. However, not all dividend-paying companies are reliable income providers. Some companies will slash dividends or stop the payouts during economic downturns.

The 2020 COVID year (2020) is an example, as many companies experienced business reversals due to government-imposed lockdowns. They had to preserve cash or protect the balance sheet to stay afloat. If you have the capital and appetite to invest in 2022, limit your choices to [Dividend Aristocrats](#).

TC Energy ([TSX:TRP](#))([NYSE:TRP](#)) and **TELUS** ([TSX:T](#))([NYSE:TU](#)) are solid investments for long-term growth. The energy stock boasts a dividend-growth streak of 21 years, while the telco stock has raised its dividends for 17 consecutive years.

Utility-like business model

TC Energy is a stalwart in North America's oil and gas midstream industry. According to management, the \$56.99 billion energy infrastructures company has \$22 billion worth of secured growth projects that could support a 3-5% annual dividend growth in the coming years.

Francois Poirier, TC Energy's president and CEO said, "During the first nine months of 2021, our diversified portfolio of essential energy infrastructure assets continued to perform very well and reliably meet North America's growing demand for energy." He added the \$5 billion net cash from operations during the period reflect the assets' strong performance and the utility-like nature of the business.

TC Energy should also be in the radars of ESG investors in 2022, because of renewable energy projects in the pipeline. The company and **Pembina Pipeline** will jointly develop Alberta's carbon transportation and sequestration system. It will also co-develop clean energy projects with Irving Oil in Eastern Canada.

Furthermore, management arranged a partnership with Nikola Corporation to jointly develop large-scale hydrogen facilities in Canada and the United States. Meanwhile, TC Energy commits to continue

with Bruce Power's life extension and uprate programs. Ontario will have a source of significant emission-less power for decades through this multi-billion-dollar project.

Currently, TC Energy investors enjoy a 21.88% year-to-date gain (\$60.45 per share) in addition to the generous 5.76% dividend yield. Market analysts see a potential upside of 11.18% to 20.76% in 12 months.

Multi-year dividend growth

TELUS is a [no-brainer choice](#), because Canada's second-largest telco is at the front and centre of the emergent 5G network. Apart from the industry-leading mobile and fixed customer growth, it has two more growth drivers in **TELUS International** and TELUS Health.

According to management, it will continue to execute its multi-year dividend-growth program. The telco stock recently increased its quarterly dividend by 5.2%. The \$40 billion can afford to hike and sustain dividend payments due to consistent, healthy cash flows, and robust capital structure. At \$29.52 per share, the dividend yield is 4.44%.

In Q3 2021, TELUS reported strong operational and financial results. Operating revenues and net income increased 6.8% and 11.5% versus Q3 2020. Its net cash flow of \$203 million was 26.1% higher than in the same period last year. Doug French, TELUS executive vice-president and CFO, said transformational investments will bolster its competitive position, drive strong profitable customer growth, and deliver positive economic outcomes.

Core holdings

Investors should have no sleepless nights if their core holdings are Dividend Aristocrats TC Energy and TELUS.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
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1. Editor's Choice

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