2 Dividend Stocks That Run Like Clockwork

Description

Investors looking to create passive income purchase dividend stocks. Canadians have a wide selection of them on the TSX. But if you need payouts as regular as clockwork, **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) and **Canadian Utilities** (TSX:CU) should be in your portfolio.

The best part about owning the two stocks is that if there's no need for the income streams right away, you can reinvest the dividends to compound your money. More importantly, a dividend cut tomorrow or beyond is very unlikely. Because the companies pay dividends with mechanical regularity, you can buy the stocks today and hold forever.

Overcapitalized big bank

Canada's second-largest bank brags about being the most convenient bank across the border. Apart from its strong capital base, TD is overcapitalized at the present. The $182.11 billion bank recently announced a 13% dividend increase effective the end of Q1 fiscal 2022 (January 31, 2022). It also plans to repurchase $4.6 billion worth of shares.

Its Group president and CEO Bharat Masrani said, "In 2021, we demonstrated the value of our diversified business model, delivering continued growth and shareholder returns while supporting millions of households and businesses through a second year of COVID-19-related disruption and uncertainty."

The compelling reasons to pick this A-1 stock are its great retail and commercial franchises in the home country and the United States. TD's U.S. Retail net income in particular increased 58% in Q4 fiscal 2021 versus Q4 fiscal 2020. For fiscal 2021 (year ended October 31, 2021), net income rose 46.96% to $14.65 billion compared to fiscal 2020.

According to Masrani, TD entered the New Year in a position of strength and has a strong foundation to continue building its business. Masrani said, "We are hopeful that recent progress to end the human and economic impacts of the COVID-19 pandemic will continue well into 2022."

As of January 5, 2021, the big bank stock still trades below $100. At $99.95 per share, the dividend yield is 3.58%. Remember that TD's dividend track record is 164 years. Moreover, the bank's total return in the last 49 years is 44,273.18% (13.22% CAGR).

Almost a Dividend King

You can't go wrong with Canadian Utilities. The $9.71 billion global enterprise delivers essential services in utilities, energy infrastructure, and retail energy. Also, this top-notch income provider has increased its dividend for 49 consecutive years. If management hike the payout in September this year, the utility stock will be TSX's first Dividend King.

Canadian Utilities rewarded investors with a respectable 24% return in 2021. The current share price of $36.10 is fast approaching the 52-week high of $37. However, don't expect much price appreciation from this utility stock. Most investors hold the stock for its growing dividends. The dividend yield is 4.81% if you take a position today.

The company's high-quality earnings base has grown significantly over the last eight years. Management expects stronger cash flows by 2022 when it completes the $3.4 billion investments in regulated and long-term contracted assets. Because the earnings base is highly contracted and regulated, Canadian Utilities has foundation to sustain its dividend-growth streak.

Must-own dividend stocks

TD and Canadian Utilities are must-own dividend stocks. Since their income streams work like clockwork, would-be investors can outpace or fight inflation in 2022.

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2. Investing

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2. TSX:CU (Canadian Utilities Limited)
3. TSX:TD (The Toronto-Dominion Bank)

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