



2 Top Canadian Dividend-Growth Stocks to Buy Now

Description

Canadian investors are searching for top TSX dividend stocks that pay reliable and growing distributions to generate passive income and attractive total returns for a self-directed [retirement](#) portfolio.

Algonquin Power

Algonquin Power ([TSX:AQN](#)) ([NYSE:AQN](#)) trades near \$18 per share at the time of writing compared to its 12-month high above \$22.50. The stock had a rough run through most of 2021, but the pullback appears overdone, and investors who buy AQN stock now can pick up an attractive dividend yield with a shot at some nice capital gains before the end of the year.

Algonquin Power is in the process of buying Kentucky Power for about US\$2.85 billion. Management has a good track record of making successful acquisitions, but the market might be a bit concerned about the size of the deal. The purchase is expected to close around the middle of the year and will greatly enhance Algonquin Power's size. In fact, the addition of Kentucky Power to the business will increase the total customer base by 19%. The regulated rate base will jump by 32% to about US\$9 billion.

When the deal was announced the company said it had raised \$800 million through a bought deal share issue. The company has since added a US\$750 million debt issue and another \$400 million (about US\$320 million) in notes in Canada to partially finance the acquisition.

In its 2022 outlook, Algonquin Power said it has a US\$12.4 billion capital program scheduled for 2022 to 2026. This should boost revenue, and management expects adjusted net earnings per share to grow by 7-9% per year over the five-year period.

As a result, it would be reasonable to expect dividends to increase in at least that range. Algonquin Power has raised the payout by 10% per year over the past decade.

Investors who buy the stock at the time of writing can get a 4.8% dividend yield.

TC Energy

TC Energy ([TSX:TRP](#))([NYSE:TRP](#)) is a major player in the North American energy infrastructure [sector](#) with more than \$100 billion in assets and over 90,000 km of natural gas pipelines located in Canada, the United States, and Mexico.

The company is positioned well to capitalize on the anticipated expansion of the global liquified natural gas (LNG) market. Countries around the world found out last year that while solar, wind, and hydroelectric power are preferred sources to generate electricity, they can be unreliable when the sky is cloudy, the wind drops, or rivers stop flowing due to drought conditions. As a result, investments in gas-fired power stations are expected to rise, and that bodes well for North American natural gas producers and the businesses that move their product.

TC Energy has a \$22 billion capital program on the go that will drive steady revenue growth in the next few years and support annual dividend hikes of 3-5%. The stock looks attractive at the current price of \$65.50 and provides a 5.3% yield.

The bottom line on top dividend stocks to buy now

Algonquin Power and TC Energy pay generous dividends that should continue to grow at a steady pace and offer above-average yields today. If you have some cash to put to work in a retirement portfolio, these stocks deserve to be on your radar.

CATEGORY

1. Dividend Stocks
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POST TAG

1. Editor's Choice

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2. NYSE:TRP (Tc Energy)
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