2 Top Canadian Dividend Stocks to Buy Before They Take Off

Description

The stock market has not fared very strongly so far this year. But all stocks have not been affected equally. Indeed, fears of rising inflation and interest rate hikes have hit growth stocks much harder than dividend stocks.

Whether or not stocks can recover from these levels, and whether rising interest rates are fully priced in, remains to be seen. However, those looking for defensive growth have a number of great options to choose from.

Here's why **Fortis** (TSX:FTS)(NYSE:FTS) and **Manulife** (TSX:MFC)(NYSE:MFC) are two worthwhile dividend stocks to consider right now.

Top dividend stocks: Fortis

Fortis is a must-have TSX stock for investors looking for rising dividends over time. This top utilities company operates 10 diversified utility businesses, and 99% of its earnings come from regulated assets. This further implies that this organization's yield and payouts are well protected. Regulated utilities account for predictable and reliable cash flow. This is a key driver behind Fortis's strong multi-year guidance on dividend growth.

Fortis is known as a recession-proof organization. This implies that it usually doesn't experience significant slowdowns during phases of economic uncertainty. This attribute also explains why this company has consistently hiked its dividends over the last five decades. Yes, Fortis has raised dividends for 48 consecutive years! And it remains well placed to raise it further for several more years.

Currently, the organization is working on a $20 billion capital program. Going forward, Fortis forecasts its rate base to grow by $10.4 billion, thereby driving its dividend growth. Given its growing rate base, Fortis witnesses a 6% growth in its dividends per annum through 2025.

Also, Fortis has a superb track record of making successful acquisitions. New purchases will potentially extend the company's guidance and drive its dividend-growth rate higher.

Manulife

Manulife is an insurance and financial services behemoth based in Toronto. As of the close of business on Feb. 8, shares of this dividend play have climbed 7.8% this year. Also, this TSX stock is up 8.7% year over year. What this means is that this company has been a Steady Eddie of late.

In the third quarter of 2021, Manulife posted a net income of $1.6 billion. This was down $476 million in comparison to the previous year. However, the company did deliver 10% core earnings growth in Q3. Also, the company's core return on equity grew to 13.2% for the first nine months of the 2021 fiscal year.

Manulife is a consistent dividend-growth stock as well. This company has hiked its dividend for eight consecutive years. This dividend-growth streak is aligned with the company's earnings recovery that began in 2012. Following this recovery, Manulife's earnings have become more stable.

The company's payout ratio appears to be sustainable at less than 40% of earnings. This further supports stable and consistent dividend payouts over time. Currently, Manulife stock yields 4.7% at the time of writing.

Being Canada's biggest insurance provider, Manulife appears to be a dependable stock for passive-income investors. Though the insurance sector isn't the market's fastest-growing area, I expect Manulife to continue to provide high-quality dividend income to investors in the decades to come.

CATEGORY

1. Dividend Stocks
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2. NYSE:MFC (Manulife Financial Corporation)
3. TSX:FTS (Fortis Inc.)
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