4 TSX Dividend Stocks for New Investors

Description

For those who plan to start a dividend portfolio and are new to the investing world, look for companies that have been paying dividends and increasing it for a very long period. Also, it's important to assess the company's ability to grow future earnings that would fuel dividend growth.

While the TSX has several top-quality dividend stocks, here's my list of four stocks that would be an excellent investment option for new investors. These Canadian companies have consistently increased their dividends for more than 20 years. Further, these companies have ample growth catalysts to drive future dividend growth.

TC Energy

Thanks to its high-quality regulated and contracted assets, **TC Energy** (TSX:TRP)(NYSE:TRP) has uninterruptedly increased its dividend since 2000. Moreover, its dividend has a CAGR of 7% during the same period.

It's worth noting that TC Energy pays a quarterly dividend of $0.90 a share, translating into a high yield of 5.4%. It generates nearly 95% of its earnings from the regulated and contracted assets, which easily covers its payouts and supports future dividend growth. Meanwhile, TC Energy's $29 billion secured capital program and additional sanctioned projects will likely drive its high-quality earnings base. Thanks to its solid earnings, TC Energy expects to grow its dividend by 3-5% per annum.

Enbridge

Next up is **Enbridge** (TSX:ENB)(NYSE:ENB). This energy company has consistently increased its dividend for 27 years. Further, its dividend has a CAGR of 10% during the same period. With its diverse cash flow streams and contractual arrangements, Enbridge generates strong distributable cash flows that drive its payouts.

Enbridge offers a well-protected and high dividend yield of 6.5%, making it an attractive income stock.

Moreover, the recovery in its mainline volumes, strong secured projects, strategic acquisitions, revenue escalators, and growing renewable capacity indicate that Enbridge is well positioned to grow its cash flows rapidly and enhance its shareholders' returns through higher dividend payments.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) has consistently paid a dividend and increased it for the last 48 years. Thanks to its conservative business mix, diversified regulated assets, and strong capital program, Fortis generates predictable and growing cash flows that drive its dividend payments.

Fortis expects its rate base to increase at a CAGR of 6% in the coming years, which will likely drive its high-quality earnings base and, in turn, support increased dividend payments. It expects to grow its dividends by 6% annually through 2025 and is yielding 3.8% at current levels.

Overall, its rate-regulated business, opportunistic acquisitions, and $20 billion capital program bode well for future growth and indicate that Fortis could continue to enhance its shareholders' value.

Canadian Utilities

There are good reasons why shares of **Canadian Utilities** (TSX:CU) are a must-have in your dividend portfolio. This utility company has raised its dividend for 49 consecutive years (highest by any publicly listed Canadian company). Furthermore, Canadian Utilities offers a stellar dividend yield of 5.1% at current price levels.

Its regulated cash flows and continued investments in the regulated and contracted assets indicate that Canadian Utilities could continue to boost its shareholders' returns through increased dividends in the future years. Its growing rate base, focus on cost savings, and sustainable payout ratio support my view.

CATEGORY

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TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:FTS (Fortis Inc.)
3. NYSE:TRP (Tc Energy)
4. TSX:CU (Canadian Utilities Limited)
5. TSX:ENB (Enbridge Inc.)
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