Stocks for Beginners: 3 Solid Dividend Stocks to Buy Now

Description

Solid, boring dividend stocks have been vastly outperforming technology and growth stock in 2022. Interest rates are expected to quickly rise this year. Combine that with increasing geopolitical and economic risks, liquidity in the market is quickly dissipating. As a result, many investors are choosing to shelter in safe stocks that pay reliable and growing streams of income.

If you are looking to dip your foot into investing, but don't want too much risk, here are three relatively safe Canadian dividend stocks to buy today.

Enbridge: An energy infrastructure stock with a great dividend

If you are looking for a stock with an elevated dividend yield, **Enbridge** (TSX:ENB)(NYSE:ENB) is a solid choice. Every quarter it pays an $0.86 dividend per share. That equals a 6% dividend yield today. Enbridge is an energy infrastructure leader in North America. It transports around 20% of oil produced in North America.

With the globe facing an energy crisis, Enbridge is in an excellent position to help move oil products from producers to broad end-markets. Considering its crucial infrastructure, Enbridge garners reliable streams of cash flow. It has invested heavily in renewable power, renewable fuels, and gas utilities. As a result, this dividend stock should remain relevant for many years to come.

Canadian Pacific Railway: A top transportation stock

Unlike Enbridge, **Canadian Pacific Railway** (TSX:CP)(NYSE:CP) does not pay a high dividend yield. It only pays a $0.19-per-share dividend every quarter. With a stock price of $99, that only equates to a 0.76% dividend yield. While that doesn't sound impressive, it has grown that dividend by about 12.5% on average year since 2011.

Canadian Pacific is considered a compounder stock. It takes the free cash flows it generates and reinvests them into growing it transportation network. So far, this strategy has been very effective. CP is one of the best-managed railroads in North America. Over the past 10 years, it has delivered a 518% return, or 20% compounded annually.

CP should complete its anticipated merger with Kansas City Southern later this year (if regulators approve). That would provide it significant opportunities to grow earnings, especially considering it will have the only rail line connecting Canada, the United States, and Mexico.

Acclaimed investor Bill Ackman, just took a considerable stake in this business (again), and today it looks like a low-risk, infrastructure play on the North American economy.

Algonquin Power: A solid dividend stock

Algonquin Power (TSX:AQN)(NYSE:AQN) is another interesting dividend stock to buy for reliability and modest growth. Today, it pays a quarterly dividend per share worth $0.2161. That equals a 4.5% dividend yield when annualized.

Algonquin operates a diversified mix of regulated utilities across North America. These provide a stable stream of predictable cash flows. It also has a large and growing portfolio of renewable power projects. The company has become an expert at purchasing utilities and accelerating their decarbonization plans. At the moment, it is working to acquire a large power utility in Kentucky.

The market didn't not initially like the deal, and the stock fell. However, as management has provided further context, it appears there are ample opportunities to increase value through the deal.

Algonquin has a great history of growing its dividend. It has increased its dividend by around 9.5% every year for the past 10 years. That may slow to some extent, but 7-9% dividend growth is certainly likely. For a nice divided, a stable business, and decent growth, Algonquin is an attractive stock.

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1. Editor's Choice

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