



The 3 Best Dividend Stocks on TSX

Description

Amid the volatility in the market over the fears of inflation and interest rate hikes, dividend stocks offer steady income. While several TSX stocks offer dividends, some Canadian corporations have been consistently paying and increasing theirs for a very long time. Further, their resilient business and visibility over cash flows suggest that these companies could grow their dividends at a decent pace in the future years, making them top investments for income investors.

With that in the backdrop, let's look at the three best dividend stocks on the TSX.

Fortis

The first stock on this list is **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)). Shares of this utility company are undeniably a solid investment for investors seeking to generate a growing dividend income stream. Fortis's [low-risk business](#) and high-quality assets remain immune to economic cycles and perform well in all market conditions.

Thanks to its resilient and predictable cash flows, Fortis has been uninterruptedly growing its dividend for 48 years. Moreover, it is on track to increase its dividend further at a CAGR of 6% in the medium term.

Fortis generates about 99% of its earnings from regulated utility businesses. This indicates that its payouts are very safe. It expects its rate base to increase by 6% per annum through 2026, which will expand its high-quality earnings base and support its dividend payments.

Furthermore, the expansion of its renewables capacity and opportunistic acquisitions will likely accelerate growth and, in turn, support its payouts. At the current price levels, Fortis stock is yielding about 3.6%.

Enbridge

Like Fortis, energy infrastructure company **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) also has a rich history of paying and growing its dividend. Notably, Enbridge has been paying regular dividend for about 67 years. Moreover, it has raised it for 27 consecutive years. It's worth noting that Enbridge's dividend has a CAGR of 13% since 2008. Meanwhile, ENB offers a solid dividend yield of 6.1%, [making it attractive](#).

Its diversified cash flows, contractual arrangements, and inflation-protected revenues indicate that its payouts are safe and sustainable in the long term. Further, the higher energy demand, recovery in its mainline volumes, and continued strength in its base business will likely drive its distributable cash flows and, in turn, its dividend payments.

Enbridge's multi-billion secured capital program is projected to give a significant boost to its EBITDA in the coming years. Moreover, acquisitions, expansion of renewables capacity, and productivity savings augur well for growth. Enbridge projects annual growth of 5-7% in its distributable cash flow per share in the medium term, which suggests that its dividend could grow at low- to mid-single-digit rates in the future.

Algonquin Power & Utilities

The final stock on this list is **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)), and there are good reasons for that. Its regulated and contracted assets generate predictable cash flows, thus driving its dividend higher.

This utility company has raised dividend for 11 consecutive years. Moreover, its dividend has a CAGR of 10% during the same period. At current levels, Algonquin Power & Utilities stock offers a dividend yield of 4.5%, which is reliable.

Through its \$12.4 billion capital program, Algonquin Power & Utilities expects its rate base to increase by 14.6% per annum through 2026. This, in turn, could expand its earnings base. Algonquin Power & Utilities expects its earnings to grow by 7-9% per annum through 2026, indicating that its dividend could grow at a high single-digit rate.

CATEGORY

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TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:ENB (Enbridge Inc.)
3. NYSE:FTS (Fortis Inc.)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:ENB (Enbridge Inc.)
6. TSX:FTS (Fortis Inc.)

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