



5 Canadian Dividend Stocks to Buy and Hold Forever

Description

Canada's [inflation](#) is at its 30-year high of 5.7% in February as energy and real estate prices surge. This has started eating away at purchasing power. It is at these times dividends come in handy. It is a source of [passive income](#) that gives you a helping hand when the working income is not sufficient.

Top five Canadian dividend stocks

Canada's rich natural resource and rising house prices provide a basket of [dividend stocks](#) that can earn you between 4% and 6% dividend yield and help you fight the 5.7% inflation. Here are my favourite dividend stocks:

- **Canadian Utilities** ([TSX:CU](#))
- **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#))
- **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#))
- **SmartCentres REIT** ([TSX:SRU.UN](#))
- **BCE** ([TSX:BCE](#))([NYSE:BCE](#))

Canadian Utilities – 4.81% dividend yield

Inflation generally rises because of energy prices. Hence, the best way to beat inflation is to invest in stocks like Canadian Utilities that are beneficiaries of higher inflation. Electricity and natural gas will never be out of demand. The upcoming electric vehicle (EV) and 5G revolution will accelerate electricity demand. Canadian Utilities will benefit from the energy demand as it generates, transmits, and distributes electricity. The utility enjoys regular cash flow from the utility bills commercial and household clients pay. It gives this cash flow to shareholders through dividends. Hence, it has a 50-year history of paying incremental dividends.

Suncor Energy – 4.1%

Suncor is an integrated oil company and depends on global oil prices for profits. The developed countries' shift to renewable energy impacted the oil industry. But the Russia-Ukraine [war](#) and the pent-up travel demand after the pandemic put oil back to the 2014 levels of over US\$100/barrel. In the long term, countries will reduce their oil dependence. But they can't replace oil completely. It will still be used as jet fuel and in other areas where no green alternative is yet available.

That will keep Suncor cash flowing in and keep your dividends coming. Suncor has been paying regular dividends since 1992 with some stock splits and dividend cuts. But it has increased dividends during high inflation, making it an ideal stock to combat rising prices.

Enbridge – 6.06% dividend yield

Unlike Suncor, Enbridge has a more stable and incremental dividend. It is in the 27th year of dividend growth and has been paying dividends before that. Its pipeline business model shifts its exposure from oil and natural gas prices to volumes. It collects toll money for transmitting oil and natural gas through its pipelines, with the toll varying depending on the volume transmitted.

Enbridge is also transitioning to renewable energy to tap the energy shift. If oil and gas volumes reduce, the company can use its pipelines to transmit renewable energy. This will keep dividends flowing in for many years to come.

SmartCentres REIT – 5.54%

SmartCentres is Canada's largest retail REIT and is now expanding its portfolio to include residential, commercial, and storage facilities. When inflation surges, rent also surges. The diversification of the property portfolio will help SmartCentres reduce its reliance on **Walmart**.

Many investors warn of the real estate bubble. This bubble could burst as house prices surge to levels where they become unaffordable. Even then, SmartCentres could pay dividends. The REIT survived the 2007 financial crisis and the pandemic without a dividend cut, making it a good stock for crises.

BCE – 5.42% dividend yield

BCE is another stock for dividend lovers. As the largest Canadian telecom operator, it reaches out to most Canadians and connects them. The company has been aggressively investing in 5G infrastructure and is seeing a gradual increase in subscriptions. More subscriptions means more cash inflow. It uses some of this money to reinvest in the business, and some for shareholder distribution. It has been paying dividends since 1983, with some periods of dividend growth and cuts.

Despite some hiccups, the above five dividend stocks can inflation-proof your portfolio.

CATEGORY

1. Dividend Stocks
2. Investing

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2. NYSE:ENB (Enbridge Inc.)
3. NYSE:SU (Suncor Energy Inc.)
4. TSX:BCE (BCE Inc.)
5. TSX:CU (Canadian Utilities Limited)
6. TSX:ENB (Enbridge Inc.)
7. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)
8. TSX:SU (Suncor Energy Inc.)

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