Eyeing Solid Dividends? 3 Canadian Stocks to Buy in April

Description

The macro and geopolitical concerns have contributed to the volatility in the broader market. However, an increase in commodity prices and a higher interest rate environment amid inflation concerns will likely support the dividend payout of certain sectors, including energy and financials.

For those who plan to buy to add a few top-quality dividend stocks with sustainable payouts amid uncertainty, adding the shares of **Suncor Energy** (TSX:SU)(NYSE:SU), **Enbridge** (TSX:ENB)(NYSE:ENB), and **Bank of Montreal** (TSX:BMO)(NYSE:BMO) would be a smart move.

Suncor Energy

The recovery in demand, supply concerns, and higher price realizations amid an economic reopening and Russia/Ukraine crisis is expected to boost Suncor Energy's financials and, in turn, its shareholders' returns. Given the improving operating environment and strong funds from operations, Suncor reinstated its dividend to the pre-COVID levels. Further, the company announced plans to accelerate the pace of debt reduction.

It's worth noting that Suncor's adjusted funds from operations of $3.1 billion in Q4 were the highest in its history. Further, Suncor paid $1.6 billion in dividends in 2021 and repurchased shares worth $2.3 billion. Also, it lowered the net debt by $3.7 billion.

Looking ahead, higher crude and refined product prices, increased volumes, and Suncor's focus on reducing cash operating cost per barrel will support its cash flows and future dividend growth. Suncor offers a quarterly dividend of $0.42 a share, translating into a yield of 4%.

Enbridge

Enbridge stock needs no introduction to income investors. Its stellar payout history makes it a solid stock for investors eyeing reliable dividend income. For context, Enbridge has been paying a dividend for about 67 years. Further, it has raised it uninterrupted for 27 years at a CAGR of 10%.

Higher energy demand and increased price realizations of commodities Enbridge transports will likely support its financials. Further, the company is witnessing an improvement in its mainline volumes, which will likely drive its distributable cash flows and support its payouts.

Notably, its diversified cash flows, inflation-protected revenues, multi-billion secured capital program, expansion of renewables capacity, strength in the underlying business, and productivity savings bode well for future growth. Enbridge is projecting its distributable cash flow per share to increase by 5-7% through 2024, indicating that its dividend could continue to grow in the coming years. It pays a quarterly dividend of $0.86 a share, reflecting a yield of 6%.

Bank of Montreal

Bank of Montreal has been continuously paying dividend for 193 years and has raised it at a healthy pace in the past several years (at a CAGR of 4.3% in the past 15 years). Its ability to consistently deliver strong earnings supported its payouts.

Bank of Montreal's diversified business model, higher interest rates, and increase in loans and deposit volumes are expected to drive its top line. Moreover, its high-quality assets and operating leverage will likely cushion its earnings and future dividend.

Bank of Montreal offers a quarterly dividend of $1.33 a share, translating into a yield of 3.6%.

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