3 Dividend Aristocrats That Canadians Should Consider for Their Portfolios

Description

Many investors tend to flock towards growth stocks in hopes of generating massive returns. However, regardless of your investment strategy, it would be a great idea to hold Dividend Aristocrats in your portfolio. Not only can these stocks generate market-beating returns, but they would also serve as a way to provide stability to your portfolio. In this article, I'll discuss three **TSX** Dividend Aristocrats that Canadians should consider holding in their portfolios.

Buy one of the rail companies

In Canada, the railway industry is dominated by a massive duopoly. Of those two companies, **Canadian National Railway** (TSX:CNR)(NYSE:CNI) is the larger entity. It operates a rail network which spans nearly 33,000 km. Canadian National's network stretches from British Columbia to Nova Scotia. The company also operates in the United States, going as far south as Louisiana.

Canadian National currently holds a 25-year dividend-growth streak. The company also maintains a modest payout ratio of 35.7%. This suggests that Canadian National could continue to comfortably raise its dividend in the coming years. Over the past year, Canadian National stock would have returned about 6% before accounting for dividends.

More than a telecom company

Telus (TSX:T)(NYSE:TU) is known across the country for its telecommunication services. That recognition is rightfully deserved, as the company is known to operate the largest telecom network in Canada. It's estimated that Telus's network covers about 99% of the Canadian population. Despite its proven success in this industry, what interests me about Telus's business the most is actually its exposure to the healthcare industry. Telus offers a telehealth product, which could make seeing a doctor much easier for Canadians.

With respect to its dividend, Telus has established a 17-year dividend-growth streak. Although the company has proven that it's capable of increasing dividends on a consistent basis, investors should note that its payout ratio tends to run higher. The company aims to maintain a payout ratio between 65% to 75%. Although it has had few issues in the past, a higher payout ratio could make it more difficult to continue growing a dividend at a fast rate.

Year to date, Telus stock has outpaced the market by a healthy margin. It has gained nearly 16%.

A top financial company

Investors should also consider adding **Brookfield Asset Management** (TSX:BAM.A)(NYSE:BAM) to their portfolios. It operates a portfolio with about $690 billion of assets under management. Focusing on real assets, Brookfield has exposure to the infrastructure, real estate, renewable utility, and private equity industries.

Brookfield's dividend-growth streak is much shorter than the other companies listed here. However, with nine straight years of dividends under its belt, Brookfield is a proven Canadian Dividend Aristocrat. It should be noted that Brookfield's payout ratio is the lowest, of the three companies discussed in this article. That suggests that the company could continue to comfortably increase its dividend over the coming years. Over the past year, Brookfield stock has gained 21%.

CATEGORY

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2. NYSE:CNI (Canadian National Railway Company)
3. NYSE:TU (TELUS)
4. TSX:BN (Brookfield)
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