



3 Top Dividend Stocks for Beginners

Description

Investing in the stock market is an effective way to create wealth over a long period. However, stock markets can be volatile. So, investors should be careful about the money they allocate towards investing and the stocks they choose.

One has to be patient in the stock market to reap higher returns. So, you should only allocate funds that you will not require for the next five years. If you are a risk-averse investor and wish to begin investing in safe Canadian stocks, here are my three top bets.

Fortis

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) operates a diverse utility business serving over 3.4 million customers across North America, meeting their natural gas and electricity needs. Supported by its 10 regulated utility businesses, the company has consistently performed over the last 20 years. It has delivered a total annualized shareholders' return of 13% during this period, outperforming the broader equity markets.

Meanwhile, Fortis has [planned](#) to make a capital investment of \$20 billion over the next five years, which could grow its rate base at a CAGR of 6% through 2026. Along with these investments, its solid underlying business and favourable rate revisions could boost its cash flows in the coming years. So, its management expects to raise its dividend at a CAGR of 6% through 2025. Meanwhile, it currently has a healthy forward dividend yield of 3.24%. Given its strong track record, stable financials, and healthy growth initiatives, I believe [Fortis would be an excellent buy for beginners](#).

BCE

With the rising demand for higher-speed internet services, the advent of 5G has created a stellar growth potential for telecommunication companies, including **BCE** ([TSX:BCE](#))([NYSE:BCE](#)). It has accelerated its capital investment to expand its 5G and broadband services. The company's 5G service already covers 70% of the Canadian population. With its accelerated investment, the company

expects to cover other parts of the country.

Meanwhile, in the wireless home internet segment, BCE reached one million households one year ahead of the company's projections. It expects to add another 900,000 locations this year. Notably, BCE earns a substantial part of its revenue from recurring sources, which is encouraging. With the returns of live events, the revenue from its media arm could also increase. So, its outlook looks healthy.

Meanwhile, BCE has raised its dividend by over 5% over the last 14 years. Its forward yield currently stands at 5%. So, considering all these factors, I believe BCE could be a safe bet for beginners.

Algonquin Power & Utilities

Algonquin Power & Utilities ([TSX:AQN](#))([NYSE:AQN](#)) operates utility and power-generating businesses through its two segments, the Regulated Services Group and the Renewable Energy Group. It enjoys stable cash flows and healthy growth due to its exposure to low-risk utility businesses and high-growth renewable energy sectors. It has also carried out several acquisitions to drive growth. Supported by the financial growth, Algonquin Power & Utilities has raised its dividend by over 10% every year for the last 11 years. Currently, it pays a quarterly dividend of \$0.2161/share, with its forward yield standing at 4.4%.

The company has planned to invest \$12.4 billion over the next five years, with around 70% in expanding its utility assets while the remaining 30% on renewable energy. This year alone, the company expects to spend approximately \$4.3 billion, including the acquisition of New York American Water and Kentucky Power. So, given its stable cash flows and high-growth prospects, I believe Algonquin Power & Utilities is an excellent stock to have in your portfolio.

CATEGORY

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

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