3 Choices to Earn Triple or Growing Dividends

Description

Investors aren't ready to push the panic button, despite a report by the World Bank about the slowdown in global economic growth. The TSX is far from bear market territory, although the index fell 2.1% on April 23, 2022. As of this writing, Canadian equities are down 2.26%.

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Rising inflation is the biggest concern of people, because it means further erosion of purchasing power. While the stock market is under pressure, dividend investing is the simplest way to boost income and combat inflation. Fortunately, Canadians have options to earn triple or growing dividends using their free money.

Cenovus Energy (TSX:CVE)(NYSE:CVE), **Freehold Royalties** (TSX:FRU), and **Fortis** (TSX:FTS)(NYSE:FTS) are the top investment choices in May. The first two are from the red-hot energy sector, while the third is a top-tier utility stock.

Commitment to shareholders

Cenovus Energy advanced 10.34% to $23.27 on April 27, 2022, after the company reported $1.62 billion net earnings in Q1 2022. The amount represents a 639% increase versus Q1 2021. Its free cash flow increased 209% year over year to $1.83 billion.

However, the best news is management's plan to triple dividends beginning this quarter. Apart from the dividend hike. The $46.43 billion company also committed to returning 50% of quarterly excess free cash flow to shareholders through share buybacks. The goal is doable if Cenovus's net debt falls below $9 billion.

Its president and CEO Alex Pourbaix said, "We have consistently delivered on our commitments to our shareholders. After rapidly deleveraging our balance sheet, we are now able to provide a much clearer picture of how we will position Cenovus for the longer term." Management envisions Cenovus to be a leader in delivering total shareholder returns.

At its current share price, Cenovus outperforms even the energy sector year to date (50.3% versus

42.5%). If you invest today, the dividend yield is 1.80%.

Energized royalty company

Freehold Royalties isn't a high flyer like Cenovus, but it's performing better than the broader market (+29.7% year to date). Also, at $14.89 per share, the dividend offer is a mouth-watering 6.53%. On March 3, 2022, the $2.24 billion oil & gas royalty company announced a 33% dividend increase effective April 18, 2022.

Management said the completed acquisitions in the back half of 2021 established Freehold's royalty positions in North America's prominent oil and gas basins. Furthermore, its efforts last year strengthened the balance sheet, asset base, and sustainability of the business.

Freehold president and CEO David M. Spyker said the team is energized in 2022. The company is also well positioned to participate in a higher commodity price environment.

Defensive asset

Fortis is a no-brainer buy for risk-averse and defensive investors. The compelling reason to invest in this utility stock is its dividend-growth streak. Besides revenues form highly regulated utility assets, the $30 billion company has raised its dividends for 48 consecutive years. Its current yield is 3.33% ($63.23 per share).

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The plan is to grow dividends by an average of 6% annually through 2025. Since Fortis has a new $20 billion five-year plan (2022 to 2026) in place, the promise of more dividend hikes is achievable. Its rate base should balloon to $41.6 billion by 2026.

Take your pick

Take your pick from Cenovus Energy, Freehold Royalties, and Fortis. The passive income you'll generate from them can help preserve your purchasing power.

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2. NYSE:FTS (Fortis Inc.)
3. TSX:CVE (Cenovus Energy Inc.)
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