



3 Ultra-Safe TSX Stocks That Also Pay Investors a Dividend

Description

The ongoing market volatility shows us why it's always advisable to hold [blue-chip stocks](#) in your portfolio. While high-flying [growth stocks](#) generally crush the broader market in a bull run, they grossly underperform major indices when sentiment turns bearish.

Blue-chip companies have strong fundamentals and robust balance sheets allowing them to generate cash flows across business cycles. A portion of these cash flows is paid back to investors in the form of dividends. Further, these dividends are increased each year, making them attractive to income investors as well.

Here, we'll look at three dividend-paying stocks that Canadian investors can buy right now.

Restaurants Brands International

Restaurants Brands International ([TSX:QSR](#))([NYSE:QSR](#)) is the parent company of popular franchises such as Tim Hortons, Burger King, and Popeyes. Valued at a market cap of \$30 billion, QSR also offers investors a tasty dividend yield of 4.2%. In the last five years, Restaurant Brands International has increased revenue at an annual rate of 6.5% while its earnings have grown by 27% each year in this period.

Analysts tracking the stock expect QSR sales to rise by 47% to \$7.3 billion in 2022, while adjusted earnings are forecast to rise by 74% to \$3.53 per share. So, QSR stock is valued at 4.1 times forward sales and 19 times forward earnings, which is really attractive.

Restaurant Brands ended 2021 with 29,000 outlets and aims to increase this count to 40,000 in the next few years. The company plans to launch Tim Hortons in India in 2022 and open 300 outlets across the country in the next decade, which will allow it to grow revenue at a steady pace.

Brookfield Infrastructure Partners

One of Canada's most diversified companies, **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#))([NYSE:BIP](#)) is valued at over \$22 billion by market cap. Down 14% from all-time highs, Brookfield Infrastructure offers investors a forward yield of 3.7% and has returned 346% to investors in dividend-adjusted gains since May 2012.

Its portfolio of assets is valued at US\$75 billion and is located on four different continents. The company is a leader in developing and operating infrastructure assets that include utilities, transport, and midstream.

BIP's management has already [identified investment opportunities](#) worth US\$900 million for its utilities business and \$950 million for its transport business. These investments should allow the company to increase EBITDA by between 9% and 15% across these two businesses in the next five years.

Algonquin Power & Utilities

The final [dividend stock](#) on my list is **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) which offers investors a yield of 4.9%. In the last 10 years, AQN stock has returned 340% to investors and continues to trade at cheap valuations.

Algonquin derives two-thirds of its cash flows from its utilities business and the rest from renewables. Analysts expect sales to rise by 21.7% to \$3.6 billion in 2022 and by 14.3% to \$4.1 billion in 2023. Its earnings are forecast to rise at an annual rate of 11% in the next five years.

The company reaffirmed it's on track to spend \$12.4 billion in capital expenditures through 2026, which will expand its base of cash-generating assets and increase cash flows going forward.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
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6. TSX:QSR (Restaurant Brands International Inc.)

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