The 3 Best Canadian Dividend Stocks to Buy in June 2022

Description

Canadian dividend stocks have been a good place to shelter from the recent stock market correction. While stocks may dip up and down, good-quality dividend stocks keep paying out streams of passive income. If you are lucky, those companies will also increase their dividends on a regular basis.

Stocks with dividend growth are ideal in this economy

There are several reasons to like stocks that regularly increase their dividends.

Firstly, a company that pays a dividend must have a stable, reliable business model. Often, the best dividend companies have contracted, regulated, or recurring revenue streams.

Secondly, a company needs to regularly grow cash flows to regularly grow its dividend. The best dividend stocks have strong pricing power, a solid economic moat, and clear opportunities to increase cash returns. Generally, a dividend grower has a good balance sheet and smart managers running the business.

If you are looking for Canadian dividend stock that could provide growing streams of income, here are three top stocks to consider today.

Brookfield Renewables: A long-term trend supporting growth

Brookfield Renewable Partners (TSX:BEP.UN)(NYSE:BEP) is one the world's largest pure-play renewable power stocks. It has a market capitalization of $29 billion. It manages $68 billion of renewable assets. Brookfield owns some enviable hydro dam assets and a quality mix of solar, wind, and distributed generation projects.

Energy security is becoming a major issue across the globe. Consequently, Brookfield has a huge opportunity to keep developing sources of independent renewable power. Right now, it has around 69,000 megawatts of power in design or development.

This could fuel decades of growth ahead. Today, Brookfield Renewables pays a 3.6% dividend, but it has a history and target to grow that dividend by 5-9% a year.

Canadian National Railway: A defensive dividend stock

Another stock with a great history of dividend growth is **Canadian National Railway** (TSX:CNR)(NYSE:CNI). For the past 15 years, it has grown its dividend on average by an annual 13.7% rate. For context, its current annual dividend of $2.93 is 600% larger than it was in 2007.

At $146 per share, CN stock kicks out a 2% dividend yield. Its stock is down 12% over the past six months. CN has faced some headwinds due to weather and supply chain challenges. However, the back half of 2022 is looking much more robust for its shipping volumes.

Due to its very defensive, low-competition business, CN stock always trades at a premium price. Yet, after the recent decline, this dividend stock is trading at the lower end of its valuation range. It looks like an attractive entry point for the long term.

Granite REIT: A dividend stock with an inflation hedge

REITs have recently taken a hit on concerns about rising interest rates and a recession. While this may impact certain real estate sectors, there are many high-quality real estate stocks that are being “thrown out with the bathwater.” One in particular that I like is **Granite REIT** (TSX:GRT.UN).

It has a very defensive portfolio of large-scale, institutional quality logistics and manufacturing properties. Its business benefits from inflation, because it can significantly raise rent on new leases and renewals. Yet its cost of capital and debt is long dated and largely stays the same. That means any rent increase goes straight to the bottom line for shareholders.

Granite has an exceptional balance sheet, solid growth prospects, and a diversified portfolio. It pays a 3.5% dividend yield today. It has a history of growing that dividend by around 5% a year for the past decade.

CATEGORY

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2. NYSE:CNI (Canadian National Railway Company)
3. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
4. TSX:CNR (Canadian National Railway Company)

5. TSX:GRT.UN (Granite Real Estate Investment Trust)

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