3 Canadian Dividend Stocks to Buy and Hold for Life

Description

Investing in stocks could be risky, especially for short-term investors. However, stocks are also an inexpensive way to start a dependable passive-income stream. For instance, several top divided-paying stocks continue to pay and grow their dividends regularly amid all market conditions.

Thankfully, the TSX has several such stocks that have paid and raised dividends for 20 years or more. Moreover, the strength in their businesses and solid earnings base indicate that those companies could continue to enhance their shareholders' value through higher dividend payments for decades.

Let's look at three Canadian companies that could continue to enhance their shareholders' value through dividend payments.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) is a safe stock to invest in for regular dividend income. It operates a conservative utility business that generates resilient cash flows irrespective of the market condition. Thanks to its solid cash flows and visibility over future payouts, Fortis regularly increases its dividend.

For context, Fortis increased its dividend for 48 years, which signifies the strength of its cash flows and ability to boost shareholders' value. Furthermore, Fortis expects to grow its dividend by 6% per annum through 2025.

Its 10 regulated utility businesses account for 99% of its earnings and indicate that its payouts are well protected. Moreover, the continued rate base growth will allow Fortis to hike its dividend. Fortis expects its rate base to increase at a CAGR of 6% and reach $41.6 billion over the next five years, which bodes well for earnings and dividend growth.

Overall, my bullish view is supported by its low-risk business, strong capital investments, and opportunities in the renewable segment. By investing in Fortis stock, investors can earn a dividend yield of 3.5%.

Toronto-Dominion Bank

Top Canadian banks have a solid track record of dividend payments. Among top banks, **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) has continuously paid a dividend for 164 years. What's more? This banking giant has increased its dividend at a CAGR of 11% in the last 27 years.

Toronto-Dominion Bank's diversified asset base, solid credit performance, and operating leverage drive its bottom line at a healthy pace and support higher dividend payments.

Moreover, its large scale, focus on expanding into high-growth adjacent markets, solid credit quality, rising interest rates, and robust balance sheet indicate that Toronto-Dominion Bank could continue to deliver solid earnings. The bank's target payout ratio of 40-50% is low and sustainable in the long term. Further, investors can earn a yield of 4.2% by investing in Toronto-Dominion Bank stock.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is a must-have stock for investors looking for reliable income for decades. The strength and resiliency of its payouts are reflected through its stellar dividend-growth track record. It's worth mentioning that Enbridge hiked dividends for 27 years at a CAGR of 10%. Moreover, Enbridge offers a high yield of 6.3%.

The strong energy demand, elevated commodity prices, and recovery in its mainline volumes suggest that Enbridge could continue to deliver strong cash flows. Moreover, its diversified cash flows, contractual arrangements, benefits from the projects placed into service, and a multi-billion-dollar secured capital program will accelerate its growth.

Enbridge sees 5-7% growth in its distributable cash flow per share over the next three years. Moreover, its target payout range of 60-70% is well-protected and sustainable.

CATEGORY

1. Dividend Stocks
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2. NYSE:FTS (Fortis Inc.)
3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:ENB (Enbridge Inc.)
5. TSX:FTS (Fortis Inc.)
6. TSX:TD (The Toronto-Dominion Bank)

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Date
2025/08/22
Date Created
2022/06/28
Author
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