



3 Cheap, Canadian Dividend Stocks to Buy for High Yields and Growing Distributions

Description

The pullback in the **TSX Index** is giving income investors a chance to buy some top dividend stocks that now offer high yields with distributions that continue to grow.

Algonquin Power

Algonquin Power ([TSX:AQN](#))([NYSE:AQN](#)) raised the dividend by 6% when it reported Q1 2022 results. The utility and renewable energy company generated 16% more revenue in the quarter compared to the same period last year. Adjusted net earnings rose 13% to US\$141.3 million.

Algonquin Power has a US\$12.4 billion capital program in place for 2022-2026 that is expected to drive earnings and cash flow growth to support ongoing dividend increases.

The company is in the process of buying **Kentucky Power** for US\$2.85 billion in a deal that will make Algonquin Power more of a regulated utility play than a renewable energy stock. This should attract investors who have moved heavily into regulated utility names in the past year.

Algonquin Power trades near \$17.50 on the TSX at the time of writing compared to the 12-month high around \$20. The stock look [undervalued](#) at this level. Investors who buy at the current price can pick up a 5.3% yield and wait for future dividend growth.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) raised the dividend by 3% for 2022. The board has increased the payout for 27 consecutive years, and more hikes should be on the way.

Enbridge continues to grow through acquisitions and new projects, as it expands its presence in the North American energy infrastructure sector. The company bought an oil export terminal for US\$3 billion last year and is building new natural gas pipelines to bring natural gas to liquified natural gas

(LNG) facilities on the American Gulf Coast. These initiatives are part of Enbridge's plan to take advantage of growing international demand for oil and natural gas.

Enbridge is also using its expertise to tap new opportunities. The company is developing carbon-capture sites to help clients with high carbon dioxide emissions meet net-zero goals. Hydrogen is another emerging segment where Enbridge could become a leader.

The stock trades near \$54.50 at the time of writing and provides 6.3% yield. Distributable cash flow growth should support annual dividend increases of 3-5% over the medium term.

Manulife

Manulife ([TSX:MFC](#))([NYSE:MFC](#)) raised the dividend by 18% late last year. The company reported record profits in 2021 and is positioned well to deliver steady revenue and profit growth over the long term.

The stock price is down to \$23 at the time of writing compared to the 2022 high around \$28 per share. Investors dumped financial stocks in recent months due to increasing recession fears. High inflation is forcing the Bank of Canada and the U.S. Federal Reserve to raise interest rates. This will drive up debt costs for businesses and households while inflation is already eating into excess cash.

Manulife's wealth and asset management operations will likely report weaker Q2 2022 results caused by the market correction, but the outlook should be positive for the overall business. Rising interest rates should boost returns for the insurance operations that are required to keep significant cash positions to cover potential claims. Investors could start to see the impact in the Q3 or Q4 2022 results.

Investors who buy the stock at the current level can pick up a solid 5.8% dividend yield.

The bottom line on top TSX stocks for passive income

Algonquin Power, Enbridge, and Manulife pay attractive dividends that should continue to grow. If you have some cash to put to work in a portfolio focused on passive income, these stocks deserve to be on your radar.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:ENB (Enbridge Inc.)
3. NYSE:MFC (Manulife Financial Corporation)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:ENB (Enbridge Inc.)
6. TSX:MFC (Manulife Financial Corporation)

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