5 Dividend Aristocrats to Buy Before They Rebound

Description

Dividend aristocrats are some of the best buys investors should be considering right now. Each offers you passive income, and income that has not decreased in the last 25 years at *least*.

But just because a company offers passive income doesn't mean it's a great buy. In the case of these five, however, it does. That's because each of the stocks I'm about to discuss are not just solid companies, they're in solid sectors that are due to continue rising.

Bank stocks

Let's start out with the obvious. Bank stocks are some of the best dividend aristocrats out there, as they've been around for over a century in most cases. Each of the Big Six Banks offers security through provisions for loan losses yet they fall during downturns thanks to rising inflation and interest rates which lead to poor lending results.

Still, because of the provisions they have in place, banks tend to rebound to pre-fall prices within a year. This has happened over and over, even during the Great Recession for banks including **Canadian Imperial Bank of Commerce** (TSX:CM)(NYSE:CM) and **Bank of Montreal** (TSX:BMO)(NYSE:BMO).

Are these two the largest of the Big Six Banks? No, but they offer the largest dividends. Each are dividend aristocrats that offer yields of 4.51% for BMO stock and 5.55% for CIBC stock. Plus, they trade in value territory, and have a strong path to growth in the coming years. This comes from continuous expansion and improving customer service that allow the stocks to climb higher.

Year-to-date, shares of BMO stock are down 8%, and CIBC stock is down 16%.

Utilities

Another great choice is utility stocks, as they offer stable revenue from long-term contracts.

Furthermore, they use their revenue to grow through acquisitions, creating a solid foundation for constant expansion.

This has allowed companies like **Fortis** (TSX:FTS)(NYSE:FTS) and **Canadian Utilities** (TSX:CU) to become the two dividend aristocrats to reach Dividend King status, or in the case of Fortis stock, *almost* that status. Each year, these companies grow their dividend income, and it doesn't look like this will ever slow down.

Utility stocks are highly defensive options that will continue to thrive even as the world shifts to renewable energy. You can sleep well at night knowing your shares will rise no matter what the future holds.

Shares of Fortis stock are down 13% year-to-date, and Canadian Utilities is on par with the beginning of 2022.

Telecommunications

Finally, telecommunications companies are another strong choice. In this industry, I'd pick **BCE** (TSX:BCE)(NYSE:BCE) over the others. This is based on BCE's history of being both a dividend aristocrat and a company that's enjoyed decades of share growth.

BCE boasts the highest market share among Canada's telecom companies, with a market cap of about $54 billion as of this writing. Further, you can lock in a juicy 6.17% dividend yield, which is high by any dividend standards.

With shares down 6.3% year-to-date, it's beating the rest of the market. This comes from strong revenue growth, thanks to the rollout of 5G and now 5G+, along with offering the fastest internet speeds in Canada. So, it's a great time to jump on this dividend aristocrat while it's down, and hold it for decades.

CATEGORY

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2. NYSE:BMO (Bank of Montreal)
3. NYSE:CM (Canadian Imperial Bank of Commerce)
4. NYSE:FTS (Fortis Inc.)
5. TSX:BCE (BCE Inc.)
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7. TSX:CM (Canadian Imperial Bank of Commerce)
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Author
alegatewolfe