



## The Smartest Dividend Payers to Buy With \$500 Right Now

### Description

After a strong performance last month, the Canadian equity markets have started November on a positive note, with the S&P/TSX Composite Index rising over 1%. Meanwhile, all eyes will be on the Federal Reserve's two-day meeting that starts today. Investors hope that the Chairman, Jerome Powell, will provide some indications on easing monetary tightening measures. Amid improving investors' sentiments, here are the three smartest [dividend stocks](#) you can buy right now.

### Suncor Energy

Despite the volatile environment, energy companies have delivered solid returns this year due to rising energy demand and ongoing geopolitical tensions. **Suncor Energy** ([TSX:SU](#)), one of the leading players in Canada, has returned 52% this year. Higher commodity prices and solid quarterly performances appear to have driven its stock price higher. Meanwhile, the company will be posting its third-quarter earnings tomorrow. Analysts are optimistic about the stock and are projecting its earnings per share to more than double during the quarter.

Meanwhile, Suncor Energy generated \$7.4 billion of cash flows from its operations in the first six months of this year, thus allowing it to reward its shareholders by paying dividends at a healthier rate. The company has also reduced its debt levels substantially, which could lower its interest expenses in the coming quarters. So, given its solid cash flows, I believe its dividend payouts are sustainable. It pays a quarterly dividend of \$0.47 per share, with its yield at a healthy 4%. Also, the company trades at an attractive NTM (next 12-month) [price-to-earnings](#) multiple of 5.7, making it an excellent buy.

### Algonquin Power & Utilities

**Algonquin Power & Utilities** ([TSX:AQN](#)), a utility and renewable energy company, is my second pick. The company has been under pressure this year, with its stock falling over 20%. Given its capital-intensive business, the rising interest rates have made investors nervous, thus dragging its stock down. Amid the pullback, the company's valuation looks attractive, with its NTM price-to-earnings multiple standing 14.4, lower than its historical average.

Meanwhile, Algonquin has a solid track record, with its revenue and adjusted EPS (earnings per share) growing at an annualized rate of 23.1% and 26.9%, respectively, over the previous 10 years. It operates a regulated, low-risk utility business and sells around 82% of its power through long-term agreements, shielding its financials from prices and volume fluctuations. Also, the company has committed to invest around US\$12.4 billion from 2022 to 2026, expanding its utility and renewable assets.

Supported by these investments, the company's management expects its adjusted EPS to grow at an annualized rate of 7-9% in the coming years. So, its growth prospects look healthy. Its dividend yield currently stands at a juicy 6.54%.

## Enbridge

My final pick is **Enbridge** ([TSX:ENB](#)), a Dividend Aristocrat that has been raising its dividend for the last 27 years. The company operates over 40 revenue-generating assets, with only 2% of its cash flows impacted by commodity rate fluctuations. Supported by its solid underlying business, the company has grown its adjusted earnings before interest, tax, depreciation, and amortization at a compound annual growth rate of over 12% since 2008.

These solid cash flows have allowed Enbridge to raise its dividend consistently. With a quarterly dividend of \$0.86 per share, the company's forward yield stands at 6.48%. With liquidity of \$6.9 billion and a payout ratio of 65%, its payouts are sustainable. Meanwhile, the company could benefit from the growing LNG (liquefied natural gas) exports from North America to Europe due to the ongoing geopolitical tensions. It is also progressing with its \$13 billion secured capital investment, which could boost its financials in the coming quarters.

## CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

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2. NYSE:ENB (Enbridge Inc.)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:ENB (Enbridge Inc.)
5. TSX:SU (Suncor Energy Inc.)

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