3 Canadian Dividend Stocks I'd Buy in November

Description

There's plenty of bad news out there, but long-term, contrarian investors can profit by buying high-quality Canadian dividend stocks. Geopolitical and economic risk are elevated, and it's a scary time.

However, these "terrible times" can also be wonderful investment opportunities. Warren Buffett famously said, "Be fearful when others are greedy and greedy when others are fearful."

There is certainly a lot of fear out there. If you are looking to be greedy, here are three Canadian dividend stocks with attractive dividends, low-risk business models, and good prospects for long-term upside.

A Canadian utility stock with years of dividend growth

Fortis (TSX:FTS) stock has fallen 13% in 2022. Today, it trades with a 4.25% dividend yield, which is significantly above its 10-year average yield of 3.8%. On a price-to-earnings (P/E) basis, it trades for 17 times, which is also significantly below its 10-year average of 18.7 times.

Fortis is a very well-managed utility. It has diverse regulated operations across North America, and it earns very predictable earnings. The company just announced solid third-quarter results.

Earnings per share (EPS) increased 8% to $0.68. Adjusted EPS increased 11% to $0.71. In the quarter, Fortis increased its quarterly dividend by 6%. That marks its 49th consecutive annual dividend increase — a very impressive track record.

While the company lowered its five-year annual dividend-growth target from 6% to a range of 4-6%, it is just being prudent in these uncertain economic times. Its payout ratio will lower, and that ensure the sustainability of its dividend over the long term. Overall, this is a great sleep-well-at night stock for conservative Canadian dividend investors.

A Canadian energy stock with a high dividend

While **Pembina Pipeline** (TSX:PPL) stock is down nearly 9% over the past six months, its business has been going from strength to strength in the present environment. After its decline, it earns a 5.76% dividend, and it trades for an attractive P/E of 16.

Pembina just announced third-quarter results. EPS increased over 200% to $3.23. Likewise, adjusted EBITDA rose 14% to $967 million. Pembina saw strong volumes through its array of pipeline and midstream processing facilities.

Pembina increased its dividend by 3.6% in the quarter. It also raised its 2022 earnings guidance forecast. The company is generating a lot of excess cash right now, so shareholders get the benefit of share buybacks today and an accretive capital-investment program for the future.

A TSX utility with elevated growth

Brookfield Infrastructure Partners (TSX:BIP.UN) is another Canadian dividend stock I'd have no problem buying now and holding for years ahead. Over the past six months, it has fallen 8%. Today, it trades with a near 4% dividend yield. On a price-to-funds from operation (FFO) basis, it trades at 11.7 times. That is its lowest valuation in over two years.

In its recent third quarter, FFO per unit increased 15% to $0.68. Despite several large acquisitions, it still grew revenues organically by 10%! Every one of its segments (utilities, transport, midstream, and data) produced solid growth in the quarter.

Brookfield just increased its quarterly dividend by 6%. After recycling several assets, it has significant capital for acquisitions and investments.

Ever the contrarian business, it can opportunistically use the current depressed economy to swipe up distressed or cheap assets. Consequently, it is in a prime position to profit in and through the current down market.

CATEGORY

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2. TSX:FTS (Fortis Inc.)
3. TSX:PPL (Pembina Pipeline Corporation)

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