



The Smartest Dividend Stocks to Buy With \$400 Right Now

Description

Despite the strong recovery in global equity markets, high inflation, geopolitical tensions, and rising interest rates are causes of concern for investors. Amid the [uncertain outlook](#), investors could earn stable passive income by buying the following three quality stocks that pay dividends at a healthy rate. Supported by their strong underlying businesses and predictable cash flows, these three companies have raised their [dividends](#) consistently, making them an attractive buy.

Enbridge

Enbridge ([TSX:ENB](#)) is a Canadian midstream energy company with substantial exposure to renewable energy. Amid the rising energy demand, the company's asset utilization increased, thus driving its financial performance. In its recently reported third quarter, adjusted EBITDA (earnings before interest, tax, depreciation, and amortization) came in at \$3.8 billion, representing an impressive year-over-year growth of 15%. Its distributable cash flows increased by 9.2% to \$2.5 billion.

Meanwhile, Enbridge has announced several project expansions and new launches, thus taking its investments in new projects to \$8 billion this year. In the renewable energy space, the acquisition of Tri Global Energy has accelerated its expansion across North America. With this acquisition, the company has 3 gigawatts of developmental projects, which could become operational from 2024–2028. So, the company's growth prospects look optimistic.

Given its highly regulated, low-risk businesses, Enbridge has generated stable cash flows. This cash stream allowed it to raise its dividends for the last 27 consecutive years at a CAGR (compounded annual growth rate) of 10%. It pays a quarterly dividend of \$0.865/share, with its yield at a juicy 6.37%. Besides, the company currently trades at an enticing EV (enterprise value)-to-EBITDA multiple of 12.9, making it an attractive buy.

BCE

Telecommunication companies enjoy stable and predictable cash flows due to recurring revenue

streams. Like energy utilities, this allows them to pay dividends at a healthier rate. So, I have selected **BCE** ([TSX:BCE](#)) as my second pick. BCE has been raising dividends for the last 14 years at an annualized rate of over 5%. Its forward yield stands at 5.81%.

Supported by its aggressive investments, the company posted a solid third-quarter performance earlier this month. Despite the volatile environment, its revenue and adjusted EPS (earnings per share) grew by 3.2% and 7.3% during the quarter. It added a record of more than 400,000 new activations in Q3. Meanwhile, I expect the uptrend to continue as the demand for telecommunication services grows. Major drivers include the digitization of business processes and increase in remote working, learning, and shopping. What's more, BCE trades at a reasonable NTM (next 12 months) [price-to-earnings](#) multiple of 18.2, thus making it an ideal buy for income-seeking investors.

Canadian Utilities

My final pick would be **Canadian Utilities** ([TSX:CU](#)), which operates a highly defensive utility business. Supported by its solid underlying regulated operations, the company's adjusted earnings grew by 36.4% to \$120 million. It also invested around \$374 million in developmental projects in the September-ending quarter, with 78% in regulated utilities and 22% in energy infrastructure. Additionally, it is working on acquiring a portfolio of renewable assets in Alberta and Ontario from Suncor Energy. The \$730 million deal could close in the first quarter of next year.

These growth initiatives could continue to boost CU's cash flows, thus allowing it to maintain its dividend hikes. Meanwhile, the company has raised its dividends uninterruptedly for the last 50 years, one of the longest Canadian public companies to do so. Its forward dividend yield stands at a juicy 4.97%. However, the rising interest rates have dragged CU's stock price down by 14.5% from its 52-week highs. Opportunistic long-term investors may see an attractive entry point.

CATEGORY

1. Dividend Stocks

TICKERS GLOBAL

1. TSX:BCE (BCE Inc.)
2. TSX:CU (Canadian Utilities Limited)
3. TSX:ENB (Enbridge Inc.)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
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