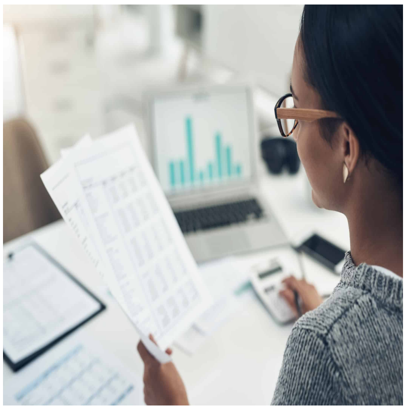

3 Unstoppable Canadian Dividend Stocks to Buy Before 2023

Description

It has been a roller coaster for most Canadian dividend stocks in 2022. Rising interest rates and the prospects of tougher economic times have drastically compressed valuations on many top dividend stocks.

Yet there are a few elite dividend stocks that have delivered exceptional, market-beating returns this year. In these cases, it is not always about how big the dividend yield is. Rather, these companies have executed consistently for years, and their outperformance is just a demonstration of their quality.

These quality stocks could further outperform in 2023 and likely for years to come. Here are three unstoppable Canadian dividend stocks to consider buying before 2023.

A top railway stock with a modest dividend

Canadian Pacific Railway (TSX:CP) has been on a serious roll in 2022. Its stock is up 22% in 2022. That is compared to the broader **TSX Index**, which is down 3.5% on the year. Now, CP Rail stock does not pay a large dividend. At $110 per share, it only trades with a 0.7% dividend yield.

However, CP has grown that dividend by a 10.9% compound annual growth rate (CAGR) over the past 20 years. For context, its current $0.76 annual dividend is 660% larger than it was in 2022.

Despite being the smallest Class 1 railroad, CP is one of the most profitable and efficient. It is about to get much, much larger if it is permitted to integrate the operations of Kansas City Southern Railroad. The deal is expected to be extremely accretive and could create significant value for years and even decades ahead.

A leading energy stock for dividend growth

Canadian Natural Resources (TSX:CNQ) stock has roared up 45% in 2022. Yet that is only part of the returns for shareholders this year. It has paid $2.8375 per share in regular dividends and a $1.50

special dividend. That equates to a 5.4% dividend today.

That also doesn't factor in the $5.1 billion worth of shares (or around 6% of its share count) that CNQ bought back so far this year. Overall, it has been an excellent year. CNQ produces oil and natural gas with factory efficiency and at a low cost. It has long reserves, so sustained energy prices should provide strong, sustainable returns.

This stock has a great track record of consistently growing its dividend. It has increased its dividend for 23 consecutive years by a CAGR of 21%. That is an amazing track record for any stock, let alone a cyclical energy stock. It looks very well positioned for good things ahead in 2023.

A high dividend yield and stable growth

Enbridge (TSX:ENB) is up 10.7% this year. Given its diversified portfolio of infrastructure assets, it does not have the same torque to the upside as an oil stock. However, it also doesn't have the same volatility or downside. Its assets are highly contracted or regulated. This means it earns a steady baseline of cash flows.

This Canadian blue-chip stock pays a 6.3% dividend yield. It just announced a dividend increase of 3.2% for 2023. That brings it to 27 years of consecutive dividend increases.

Enbridge stock is not going to double anytime soon. However, it will provide an attractive stream of dividends and modest capital returns. As it continues to position for the energy transition, investors will find that the value of its assets will only rise given time.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CNQ (Canadian Natural Resources Limited)
2. TSX:CP (Canadian Pacific Railway)
3. TSX:ENB (Enbridge Inc.)
4. TSX:VRN (Veren Inc.)

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