



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

Description

Dividend stocks are a must-have in a portfolio. Besides offering steady income, these stocks add stability (thanks to their solid earnings base) to your portfolio and generate market-beating returns in the long term. So, for investors planning to allocate a portion of their portfolio to [dividend stocks](#), here are the smartest stocks to consider. Notably, I've zeroed in on stocks with clear visibility over their future dividend payments.

Let's take a closer look.

Fortis

Fortis ([TSX:FTS](#)) is an obvious stock for investors seeking reliable income for decades. The company operates a low-risk business, which makes it a [relatively safer investment](#). What's more? Fortis has consistently rewarded its shareholders by increasing its dividend for 49 years. Furthermore, the utility giant is confident about enhancing its investors' returns with higher dividend payouts.

Fortis sees its dividend growing at a CAGR (compound annual growth rate) of 4-6% through 2027. This will be supported through its 10 regulated utility businesses and a growing rate base. The company's \$22.3 billion, five-year capital plan will expand its earnings base and drive future dividend payments. Based on the closing price of December 23, Fortis stock offers a dividend yield of 4.1%.

AltaGas

AltaGas ([TSX:ALA](#)) is a solid investment for investors seeking a growing dividend income stream. The company's balanced portfolio of high-growth midstream operations and low-risk utility business help it to boost shareholders' returns. It recently announced a 6% increase in its 2023 dividend. Further, it expects its dividend to grow at a CAGR of 5-7% through 2027.

AltaGas expects its utility business to deliver strong organic growth led by solid rate base growth. The company expects its rate base to grow at a CAGR of 8-10% through 2027, which will support dividend

payments. Besides rate base growth, operating efficiency and cost management bode well for growth. During the same period, its midstream operations are expected to benefit from facility optimization, focus on growing its direct access to global markets, and long-term tolling arrangements.

Overall, AltaGas is poised to deliver solid shareholder returns in the coming years. Moreover, it offers a dividend yield of 4.5% based on its closing price of \$23.54 on December 23.

TC Energy

TC Energy ([TSX:TRP](#)) is another solid stock to start a growing dividend income stream. The company's high-quality energy infrastructure business witnesses a high utilization rate. Moreover, its regulated and contracted assets generate steady earnings to support its payouts. TC Energy's dividend has had a CAGR of 7% in the past 22 years. Further, it expects to grow the future dividend by 3-5% annually.

Its multi-billion secured capital projects are expected to expand its regulated and contracted assets base and, in turn, drive dividend payments. Moreover, its well-covered payouts indicate that investors can rely on its dividend yield. Based on its closing price of \$55.34 on December 23, TC Energy stock offers a dividend yield of 6.5%.

Bottom line

These TSX stocks have solid dividend payout history and clear visibility over future payouts, making them solid investments to generate consistent income. However, investors should note that dividend stocks also carry risks. Moreover, future dividends are not guaranteed. Thus, investors should always focus on diversifying risk and not concentrate their portfolio on a limited number of stocks.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:ALA (AltaGas Ltd.)
2. TSX:FTS (Fortis Inc.)
3. TSX:TRP (TC Energy Corporation)

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