The 3 Best Dividend Stocks to Buy Today

Description

Dividend stocks are very popular among Canadian investors. This is because they could give you a source of passive income. Over time, that passive income could grow large enough to greatly supplement or even replace your primary source of income. However, there are several things that investors should keep an eye on if dividend stocks are an interest to them.

In this article, I'll discuss my three best dividend stocks to buy today.

This is one of the first dividend stocks you should consider

Of all the dividend stocks listed on the TSX, very few are as attractive, in my opinion, as **Fortis** (TSX:FTS). This company provides regulated electric and gas utilities to over three million customers across Canada, the United States, and the Caribbean. The first reason why Fortis should attract investors is because of the steady nature of its business. As a utility company, it generates revenue on a recurring basis. That gives it a predictable source of revenue to draw dividends from.

Speaking of its dividend, Fortis is listed as a Canadian Dividend Aristocrat. That means it has managed to raise its dividend for at least five consecutive years. However, Fortis exceeds that minimum requirement by a large margin. In fact, its 49-year dividend-growth streak is the second-longest among all Canadian-listed stocks. It offers investors a forward dividend yield of 4.16%.

Another company with a long history of raising its distribution

Telus (TSX:T) is the second dividend stock that investors should consider buying today. As you may know, Telus is one of the largest telecom companies in Canada. Its network coverage area accounts for 99% of the Canadian population. Over the years, Telus has expanded its businesses outside of the telecom industry and into new markets, helping it spread its reach. Today, the company plays a big role in the healthcare industry, offering a suite of professional and personal services.

Like Fortis, Telus is listed as a Canadian Dividend Aristocrat. It has managed to increase its dividend for nearly two decades. It should be noted that the company tends to maintain a relatively high payout ratio (60-75% of free cash flow). However, due to its long history of success, regarding its dividend, I'm willing to look past that high payout ratio.

A top company for your portfolio

Finally, investors should take a look at **Canadian National Railway** (TSX:CNR) today. This is one of the largest railway companies in North America in terms of network size and revenue. Although its business may not be the most exciting one around, it's certainly important. Currently, there isn't a viable way to transport large amounts of goods over long distances if not via rail. As long as that's true, I believe companies like Canadian National could remain in high demand.

Canadian National holds one of the longest dividend-growth streaks in Canada (26 years). Over that period, this company has managed to grow its dividend at a compound annual growth rate of more than 10%. That greatly outpaces the long-term inflation rate. With a payout ratio of 40% on its books, Canadian National has a lot of room to continue growing its dividend in the future.

CATEGORY

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3. TSX:T (TELUS)

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