



The 2 Best Canadian Dividend Stocks to Buy Right Now

Description

The primary reason an investor would want to own a dividend stock is for the passive income. Dividends are typically paid on a monthly or quarterly basis, providing investors with a relatively predictable stream of income.

High-growth companies that are continuously reinvesting in the business will often opt to not pay a dividend. That cash is far better suited as a reinvestment into the business.

In comparison, slower-growing companies that don't have as much of a need for reinvesting into the business may instead opt to pay a dividend to shareholders. As a result, it's the more mature blue-chip stocks that tend to earn the Dividend Aristocrat status.

Investing in dividend stocks

When looking for a [dividend stock to invest in](#), there's more than just the dividend yield that you'll want to consider. The dividend growth rate and payout history are two things to keep in mind when researching top dividend-paying companies.

In addition to the dividend itself, the company's growth potential should at least be considered. You might not be looking to buy a dividend stock for its market-beating growth potential, but the company's growth trajectory should at least factor into the decision.

Here are two top dividend stocks for Canadian investors to add to their watch list this year.

Bank of Montreal

Canadians don't need to search far to find a reliable dividend stock that yields upwards of 4%.

The [Canadian banks](#) have been amongst the most dependable stocks on the **TSX** for decades. And at today's stock prices, each of the Big Five yields above 4%.

At a market cap of \$60 billion, **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) is Canada's fourth-largest bank.

Its annual dividend of \$4.24 per share is good enough for a yield of 4.3%.

Where BMO stands out from its peers is in its dividend payout streak. The Montreal-headquartered bank has been paying a dividend to its shareholders for an incredible 190 years.

While dividends are never guaranteed, this is as close as a guarantee as you'll find from a Canadian dividend stock.

Algonquin Power & Utilities Corp.

The renewable energy sector is one of the hottest in the market right now, and for good reason. There are a handful of strong tailwinds that should propel the green energy sector to outperform the broader Canadian market over the next five to ten years.

There's no shortage of renewable energy stocks that I'd like to add to my portfolio. **Algonquin Power & Utilities Corp.** ([TSX:AQN](#))([NYSE:AQN](#)) make my list as the top dividend-paying green energy stock.

Algonquin is partially a utility company, so the volatility and risk are much lower than what you'd find on some of the higher-growth renewable energy stocks.

At today's stock price, the green energy company's annual dividend of \$0.78 per share is equal to a yield of just about 3.6%.

Algonquin might not have a dividend streak of nearly two centuries or yield above 4%, but the growth potential here should more than help offset that. Because the dividend stock is partially a renewable energy company, delivering market-beating growth should not be out of the question.

Over the past five years, the dividend stock is up just about 100%. In comparison, the **S&P/TSX Composite Index** is up just 40%.

Foolish bottom line

Canadian investors need to keep in mind that there's more than just the yield to look at when evaluating dividend stocks. Dividend growth rate, payout history, and share price growth should all be factored into the decision.

The two companies that I've covered can provide Canadian investors with a mix of dependable passive income, as well as market-beating growth potential over the long term.

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