



3 Top Canadian Dividend Stocks to Buy in 2021

Description

Dividend stocks didn't get much love in 2020 as high-growth tech stocks garnered much of the attention. Not even a pandemic could prevent the Canadian market from turning a gain last year, which can be largely attributed to the tech sector.

As investors are preparing for a much more normal year in 2021, tech stocks may be looking to take a breather after a monster year in 2020. With that in mind, I'll be looking to add a couple of defensive [dividend stocks](#) to my portfolio this year.

Here are three top dividend stocks that I have on my radar right now. Each company owns a respectable dividend yield and valuations are nowhere near what some of the [high-growth tech stocks](#) are trading at today.

Dividend stock #1: Algonquin Power & Utilities

The renewable energy sector is one that I'm very bullish on over the next decade. If you don't already own any green energy stocks, **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) would be a great place to start.

The company is a blend between a renewable energy provider and a utility company. Because it's not a full green energy play, it does lack some growth potential that you may earn from some of the other top companies in the sector. That lack is growth definitely balances out, though.

Algonquin Power & Utilities is a top defensive stock that you can count on no matter the market conditions. What really makes this dividend stock a rare find is that it's a top defensive stock but still has market-beating potential from its exposure to the renewable energy sector.

Over the past five years, shares of the dividend stock are up more than 100%. In comparison, the **S&P/TSX Composite Index** is up just 50%,

At an annual dividend of \$0.78 per share, the Dividend Aristocrat owns a yield of 3.5% at today's stock price.

Dividend stock #2: Manulife Financial

Similar to Algonquin Power & Utilities, **Manulife Financial** ([TSX:MFC](#))([NYSE:MFC](#)) has a certain level of defensiveness to it. While insurance might not be the most exciting industry, it's one you can count on to still be relevant in 10 years' time.

At a market cap of nearly \$50 billion, Manulife is the largest insurance provider in Canada. In addition to providing its customers with insurance, the dividend stock also offers its customers financial advice, and wealth and management solutions.

Manulife might be the largest insurance provider in Canada, but it has a strong international presence too. The company has operations in both the U.S. and Asia, which together account for more than half of Manulife's earnings.

The Dividend Aristocrat owns a dividend yield of 4.6% at today's stock price.

Dividend stock #3: Telus

Last on my list of dividend stocks is **Telus** ([TSX:T](#))([NYSE:TU](#)). The \$35 billion telecommunications company is the second-largest in Canada, behind only **BCE**.

Just like my previous two picks, this dividend stock won't be lighting the world on fire with its growth potential. Instead, investors can count on a reliable dividend with a yield that not many other companies can match.

At today's share price, the annual dividend of \$1.24 per share is good enough for a yield of 4.6%.

Prior to the COVID-19 pandemic, Telus owned a dividend growth streak of 16 years. The pandemic, unfortunately, led the company to suspend the growth and instead just keep the dividend steady.

Whether it owns a 16-year growth streak or not, this is one dividend you can count on.

Foolish bottom line

I will agree that it's not easy to invest in slower-growing dividend stocks while high-growth tech stocks continue to crush the market. But just because growth stocks are leading the way doesn't mean a long-term portfolio cannot benefit from having a couple of top dividend stocks in it.

If you're looking for a reliable cornerstone stock for your portfolio, a top dividend stock is what you're looking for. They may not outperform the market on a yearly basis, but they'll provide you with enough stability to afford to take chances on high-risk growth stocks.

CATEGORY

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11. passive income
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TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:MFC (Manulife Financial Corporation)
3. NYSE:TU (TELUS)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:MFC (Manulife Financial Corporation)
6. TSX:T (TELUS)

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