



Start Your Own Passive-Income Empire With These 2 Dividend Studs

Description

Ah, passive income. Those two words alone are enough to send tingles up my spine.

At this point, I'm a veteran investor, collecting dividends from more than 30 different companies. But it wasn't so long ago I was still a rookie, scared to put my first dollar to work.

Like many people reading this, I had no idea whether my first investments would turn out to be hits or misses. After a lot of trial and error, I think I've got it figured out. There are a few dozen fantastic companies in Canada — corporations that should be the bedrock of every portfolio.

These companies are rock solid, with most paying generous dividends that have consistently gone up over decades. They have pricing power and sharp management teams, and everything else you'd want in an investment.

I can't list all of these companies in one article, but we can take a closer look at two of the best.

BCE

BCE ([TSX:BCE](#))([NYSE:BCE](#)) is the owner of wireless, wireline, and various media assets. It's Canada's largest telecom operator with more than 16 million customers, with a leading media division, and ownership stakes in some of Canada's most valuable sports franchises.

Let's start with BCE's wireless business, which boasts more than nine million customers. Our appetite for phone data is insatiable, and Bell Canada is more than happy to sell us access. Canada's three largest telecoms dominate the wireless market, which means most customers pick one and stick with them. And not paying your cell phone bill just isn't an option.

Despite cord cutting being all the rage, Bell's television division continues to slowly grow. In its most recent quarter the company added 0.6% television subscribers, which is good growth in an overall shrinking market. And remember, folks who cut cable usually shell out for better internet, or perhaps they even subscribe to CraveTV, BCE's video streaming service.

Internet results continue to be solid. The company added 3.8% high-speed internet customers in its most recent quarter as well as hiked prices to certain existing customers. When was the last time your internet bill went down? I know mine sure doesn't.

Add all this up, and it translates into one of Canada's top businesses. BCE generates plenty of predictable profits, even if its best growth days are behind it. The majority of these earnings get paid back to shareholders in the form of generous dividends. BCE's current yield is 5.6%, and the company has hiked its payout each year since 2009.

Algonquin

Algonquin Power and Utilities ([TSX:AQN](#))([NYSE:AQN](#)) might not be as familiar as BCE, but it's every bit as solid.

Algonquin has two different, yet very similar businesses. The first is the utilities division, which boasts more than 750,000 power, natural gas, and water customers. This division will soon expand, when its acquisition of a natural gas utility in New Brunswick closes.

The second part of Algonquin is the power-generation subsidiary. The company owns 39 different power plants, which are either natural gas, wind, or solar powered. It's in the process of building seven new power-generation facilities, which should all be completed by 2022. Output is sold via power-purchase agreements, which ensure predictable revenue and have annual raise clauses built in.

Like BCE, Algonquin pays investors a dependable dividend that increases consistently. The current payout is US\$0.5128 per share on an annual basis, good enough for a 4.3% yield. The dividend has been increased each year since 2009, and has nearly tripled during that period.

The bottom line

Dividends don't get much more secure than the ones offered by BCE and Algonquin. These two stocks would look great in any dividend portfolio, with both generating gobs of predictable income. They're both great places to start if you're looking to build your own passive-income empire.

CATEGORY

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2. NYSE:BCE (BCE Inc.)
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