3 Passive Income Stocks That Pay Up to 9.2%

Description

Investing in energy and utilities is an attractive option for investors because those are essential parts of our day-to-day lives. While it may be easy to cut out eating at restaurants or buying expensive electronics when times are tough, the same cannot be said for heating your home and keeping the lights on.

While you can certainly achieve some efficiencies, it's not something that consumers will be looking to eliminate. And that's what makes the following three stocks very attractive. They operate in a crucial industries that are recession-proof and offer some attractive dividends as well.

AltaGas Ltd (TSX:ALA) reduced its dividend last year, and even with a smaller payout of eight cents per share every month, it still pays a very good dividend of around 4.9% per year. A reduction in payouts can sometimes be a good thing, as it helps to free up valuable cash flow; it therefore may not come as a big surprise that the stock has risen more than 40% since the start of the year.

Despite the increase in price, the company is still trading slightly below book value. With AltaGas more focused on the U.S. market now that its acquisition of WGL Holdings is complete, there could be significant growth ahead for the company. It's now a much bigger force to be reckoned with. as over the past 12 months, its sales have totalled around $5.3 billion, well up from the $2.6 billion that it generated back in 2017.

Fortis Inc (TSX:FTS)(NYSE:FTS) is another good dividend stock to have in your portfolio. The utility provider operates across North America and has continued finding ways to grow via acquisition. With a market cap of more than $22 billion and sales of $8.6 billion in the trailing 12 months, it's bigger than AltaGas and could provide a bit more stability.

Its dividend currently pays shareholders 3.5% per year. While payouts may not be monthly as they are for AltaGas, they have increased over the years, giving investors a strong incentive to hold the stock for not just years, but for decades. Fortis is a long-term play that investors won't have to worry about experiencing big fluctuations along the way.

The stock is priced at modest multiples, trading at just 1.5 times book value and 20 times its earnings.

For what the stock can offer for you, it's a very good buy today.

Just Energy Group Inc (TSX:JE)(NYSE:JE) is the highest yield on this list, paying investors more than 9.2% every year. The company has been paying the dividend for years, although there is still always going to be some risk anytime if you've got a dividend that close to 10%. One area of concern is that the company recorded a net loss in its most recent fiscal year. However, that hasn't been typical for the company, as prior to that profits were up for three straight years.

With operations in many countries, there are many options for Just Energy to focus on growing its top and bottom lines. The company has, for the most part, seen a lot of consistency in its revenues, as annual sales over the past five years have fallen between $3.6 billion and $4.1 billion. That's just the type of predictability you'd expect from a utility provider with a steady stream of recurring income.

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2. TSX:ALA (AltaGas Ltd.)
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Author
djagielski