



## 2 Stable Options for Passive Income

### Description

When it comes to passive income, yield isn't everything. A high-yield dividend stock or a high interest corporate bond comes with inherent risks that may be difficult to quantify. For investors who rely on their investments to support their living expenses, capital losses or market volatility are simply unacceptable.

That's why investors who are seeking passive income need to focus on stability and reliability over yield. A track record of steady dividends or an underlying basket of robust assets could make potential investment opportunities more attractive for these investors.

With that in mind, here are two rock-solid dividend paying stocks with long track records of consistent returns for shareholders and could serve as the cornerstones for passive income portfolios:

### Fortis

Utility giant **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) is about as rock solid as it gets; the company operates a well-diversified portfolio in the [most heavily regulated industry: utilities](#). The company provides energy through its three businesses: ITC Holdings, UNS Energy, and FortisBC, and 10 utility operations across Canada, the United States, and the Caribbean.

The diversity and profitability of these operations has allowed the company to generate nearly 8.5% to 9.5% in returns on equity over the last few decades. Historically, the company has paid a sizeable chunk of that back to investors in the form of dividends. After 45 years of consecutive dividend increases, Fortis exceeds the benchmark for a Canadian Dividend Aristocrat.

Over the past 10 years alone, the dividend has expanded by 72.5%. Management expects this rate of dividend increases to be sustained until at least 2023. The target dividend in 2023 is \$2.27, which represents a 69% increase over the next five years, so investors have plenty of time to buy in.

## Brookfield Infrastructure

Backed by one of Canada's largest asset managers, **Brookfield Infrastructure Partners L.P.** ([TSX:BIP.UN](#))([NYSE:BIP](#)) is one of the most steady infrastructure holding companies listed in Canada.

The company holds a broad mix of critical assets related to energy, water, freight, passengers and data infrastructure spread worldwide. Over the past 10 years, the firm's stock has outperformed the **S&P 500 index**, all of its industry benchmark indexes, delivered a compounded annual growth rate of 16% for fund from operations (FFO) and 10% for dividends. Brookfield Infrastructure still offers a 4.86% dividend yield.

Investors should note that infrastructure investment is a major ongoing expense for every country in the world. Experts estimate the demand could be worth as much as US\$69 trillion by 2035. Brookfield's track record and ability to capitalize on this immense opportunity makes it an ideal addition to any dividend investor's portfolio.

## Bottom line

Passive income seeking investors should look for stocks that balance a high yield with high stability. Usually, capital intensive industries that are heavily regulated are less competitive, which makes them more predictable.

The two stocks highlighted here not only dominate these regulated industries, but also have a track record of steady dividend increases for shareholders. If you look at their stock charts from the past two decades, the price appreciation has been about as stable as possible, which makes them both ideal additions to income-generating portfolios.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. NYSE:FTS (Fortis Inc.)
3. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
4. TSX:FTS (Fortis Inc.)

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