



3 Dividend Aristocrats to Earn You Passive Income

Description

Investors seeking passive income have a lot of quality choices to choose from. Numerous companies that have many great qualities offer investors plenty of returns, but which are the best for you, and which are the best for the long term?

The first thing is finding dividends that are sustainable and backed by stable and consistent cash flows. Eliminating the chances of capital loss and minimizing risk should always be the most important thing in any investing scenario.

Next you will want to find companies that can grow their operations for decades to come. Prime candidates will be industry leaders in areas that won't be disrupted anytime soon and that can reasonably expect meaningful future growth.

Looking back at the history of companies, it's important to identify which company is the most efficient at returning capital and which are capable of raising the dividend most often.

[Dividends](#) that are increased over time are the number one way for an investor to compound huge gains into a massive snowball effect.

Three Dividend Aristocrats that will be promising for decades are **Telus** ([TSX:T](#))([NYSE:TU](#)), **Manulife Financial** ([TSX:MFC](#))([NYSE:MFC](#)), and **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)).

Telus

Telus has really been growing out its infrastructure the last few years. The growth continues to pile on for Telus, and each year it increases its earnings, it's also increasing its dividend.

Currently, the dividend yields a respectable 4.6%, while the company keeps the payout ratio consistent at the 75% level. On an annualized basis, it's been raised 48% since 2014, showing the incredible pace of growth the company is seeing.

In addition to growing its earnings, Telus has also put up impressive return metrics. Trailing 12-month return on equity is more than 17%, which is directly in line with its five year average, showing how consistent Telus is at generating returns.

An investment today will surely yield you quite a bit more down the line, as it has huge potential to continue its growth with the introduction of 5G.

Suncor

Suncor, one of the largest energy companies in Canada, is another company you can buy and hold forever. Its upstream assets coupled with its refining projects already make it a top energy company. Add to that its retail operations that consist of 1,750 stores, and you have one of the best vertically integrated energy companies in Canada.

Since its operations are so stable and well diversified, the company is able to offer investors a generous dividend. The dividend yields more than 4%, while the payout ratio is less than 50%, showing its current stability.

Suncor has managed its operations well and has built the dividend up sustainably. As long as WTI oil prices stay above an average of \$45, the company will breakeven on its funds from operations, which includes sustaining capital and dividends.

This means unless another massive oil crash happens again, the dividend will remain safe.

Manulife

Manulife continues to post solid growth numbers and increase its dividend along with it. Its push to grab market share in Asia has really been rewarded, and the company has the potential to grow its Asian business by double digits the next few years.

Earnings per share have been growing at an impressive pace, as has equity. In addition, the company has been increasing the dividend to match the increase in earnings it's been making. On an annualized basis, it's raised its dividend roughly 50% since 2015.

Manulife is a top company in Canada, and there is no reason to think it can't continue to find new ways to grow. The growth will most likely come from an increase in its Asian business, as well as wealth and asset management.

At the moment, its 4.2% dividend is also very safe with its five-year average payout ratio around 50%.

Bottom line

Finding passive-income stocks is not just about how much the dividend is yielding today, but rather how much it will be yielding on your initial investment in five or 10 years.

Finding companies that will continue to grow their operations and their dividends are the top

companies to look for, especially if you can get them for cheap.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. NYSE:MFC (Manulife Financial Corporation)
2. NYSE:SU (Suncor Energy Inc.)
3. NYSE:TU (TELUS)
4. TSX:MFC (Manulife Financial Corporation)
5. TSX:SU (Suncor Energy Inc.)
6. TSX:T (TELUS)

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Date

2025/08/24

Date Created

2019/09/11

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