



3 Dividend Aristocrats in 3 of the Top Passive-Income-Generating Industries

Description

There are certain stocks whose main purpose is to maximize distributable funds, so as to pay as much money out to shareholders as possible, while still sustaining and growing the business where possible.

Then there are specific sectors that most of these companies operate in that naturally produce stable and predictable cash flows, which is what makes them so ideal and such great passive-income generators.

Coincidentally, most dividend stocks — and ones that are in the best income-generating industries — are those in more defensive industries, which is what makes the cash flows more predictable.

These are ideal stocks to add to your portfolio at this stage in the market cycle, especially if you are a [passive-income seeker](#).

Three of the best industries to look for stocks if you want to add stable passive income are the utilities, real estate, and telecom industries.

Utilities

Canadian Utilities ([TSX:CU](#)) is an ideal stock to consider in the utilities space. 86% of its adjusted earnings in 2018 came from regulated earnings with the other 14% being made up of long-term contracts.

The company has 87,000 km of electric power lines, 64,500 km of pipelines for its natural gas transmission, five generating plants that have 244 MW of capacity, as well as water infrastructure capacity, natural gas storage, and hydrocarbon storage capacity.

It's a Dividend Aristocrat with one of the longest track records of dividend increases of any Canadian publicly traded company, with 47 consecutive years of dividend increases.

The dividend today yields roughly 4.3% and has a payout ratio of earnings of less than 50%, giving it

ample room to increase the dividend if it doesn't spend the extra cash flow to further expand its operations.

Real estate

Canadian Apartment Properties REIT ([TSX:CAR.UN](#)) is one of the top stocks to consider when looking for the highest-quality Dividend Aristocrats in the real estate sector.

It operates a massive portfolio of residential properties in Canada and the Netherlands as well as more than 5,000 manufactured housing community (MHC) sites.

The majority of its assets are located in high-population growth areas, which keeps the demand for its properties high and helps drive organic growth to go along with its acquisitions and developments.

The occupancy rates in its residential suites sits above 99%, and in the MHC's the occupancy rate is roughly 97.3%. This clearly shows just how robust demand is and the strength of the company's portfolio.

It has an extremely strong balance sheet with an interest coverage ratio above 3.5 times, which just adds another layer of stability to its dividend that yields a little more than 2.5%.

Telecom

BCE ([TSX:BCE](#))([NYSE:BCE](#)) is my top Dividend Aristocrat in the telecom sector. It's the largest of the Big Three Canadian telecoms and is very well diversified and integrated in the Canadian economy.

Its operations are extremely strong with the company reporting 14 consecutive years, or 56 consecutive quarters of year-over-year earnings before interest, taxes, depreciation and amortization (EBITDA) growth.

Its wireless network is one of the fastest in Canada, and its wirelines business has been getting a huge boost from the increased investment that BCE is making in fibre.

In addition to those two main segments, BCE also has one of the strongest media divisions, especially with the work it has done to improve its Crave streaming service, most recently signing a partnership to acquire the rights to HBO Max shows in Canada.

These three segments working in unison help to fund BCE's extremely strong dividend which yields nearly 5% — a very attractive figure given BCE's sustainability and size.

On top of the attractive 5% dividend, BCE has also raised it by nearly 30% since 2014, so you can count on the company to continue to increase it often as it grows its bottom line.

Bottom line

There are specific industries that are better for those investors seeking passive income.

Finding Dividend Aristocrats in these industries just adds another layer of stability and performance, giving investors exposure to some of the safest and fastest-growing dividends available on the TSX.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. TSX:BCE (BCE Inc.)
3. TSX:CAR.UN (Canadian Apartment Properties Real Estate Investment Trust)
4. TSX:CU (Canadian Utilities Limited)

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