



Start a New Income Stream: Trust These Top Blue-Chip Stocks

Description

It's prudent to have an additional income stream that continues to thrive without much of your active engagement. Besides, an additional income stream helps amid turbulent times and reduces your dependence on government grants and benefits.

Surprisingly, it is easy to create an alternative income source that can continue for years. A small but regular investment in blue-chip dividend-paying stocks could help generate stable passive income for you.

Let's take a look at the top **TSX**-listed blue-chip stocks offering reliable dividends.

Royal Bank of Canada

Despite the expected slowdown in the economy, investors can trust **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) for a stable passive income source. Canada's largest lender has been returning boatload of cash and boosting its shareholders' returns through dividends for about 150 years, which is incredible.

Over the last decade, the bank's dividends have grown at a compound annual growth rate (CAGR) of 7%. Meanwhile, it paid dividends worth \$5.8 billion in FY19 and [\\$1.5 billion](#) in the most recent quarter.

Royal Bank of Canada's dominant market positioning, continued growth in loans and deposits, and strong expense management suggest that its dividend payouts are sustainable in the long run. Royal Bank of Canada currently yields 4.5%.

Alimentation Couche-Tard

As the economy remains shaky, it will be wise to allocate a small portion of your income portfolio to top defensive stocks like **Alimentation Couche-Tard** (TSX:ATD.B). Despite its low-risk business, Couche-Tard has been generating stellar growth, which has driven a massive rally in its stock.

Its stock has risen over 1,125% in 10 years. Moreover, its dividends have grown at a CAGR of 27% since FY11.

The strong double-digit growth in Couche-Tard's dividends is backed by its strong financial performance and robust cash flow growth. The company's top line, EBITDA, and adjusted EPS have increased at a CAGR of 13%, 22%, and 22%, respectively, over the past decade. Meanwhile, its free cash flows increased at a CAGR of 20% during the same period.

The sustained momentum in its underlying business and strategic acquisitions are likely to drive solid double-digit growth in Couche-Tard's earnings, in turn, its dividends.

TC Energy

TC Energy ([TSX:TRP](#))([NYSE:TRP](#)) is another top [dividend-paying blue-chip stock](#) for an additional income source. The energy infrastructure company has consistently raised its dividends over the past several years and projects high single-digit growth in its dividends for FY21.

Despite the challenging energy outlook, TC Energy's high-quality asset base generates strong cash flows, which supports its payouts.

TC Energy stock yields over 5.8%, which is pretty safe, thanks to its robust cash flows from regulated assets and long-term contractual arrangements. The company's resilient business, high asset utilization rate and \$37 billion secured growth projects suggest that investors could continue to get higher dividends in the coming years.

Fortis

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) is a must-have stock for investors eyeing passive income. Its dividends have grown uninterruptedly over the past 46 years. Moreover, the utility giant's predictable cash flows suggest that dividends could continue to grow at a healthy pace in the coming years.

Fortis's robust dividend payouts are supported by its regulated assets, which account for 99% of its earnings. Investors should note that Fortis's continued investment in rate base growth is likely to drive its dividends higher in the coming years.

The company projects its rate base to increase to \$38 billion by 2024, which is expected to drive 6% annual growth in its dividends during the same period. Fortis stock currently offers a decent 3.7% yield.

CATEGORY

1. Bank Stocks
2. Coronavirus
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TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. NYSE:RY (Royal Bank of Canada)
3. NYSE:TRP (Tc Energy)
4. TSX:FTS (Fortis Inc.)
5. TSX:RY (Royal Bank of Canada)
6. TSX:TRP (TC Energy Corporation)

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