5 Top Stocks for a Growing Passive-Income Stream

Description

Are you eyeing a growing passive-income stream? Consider buying top TSX dividend stocks that have been paying and increasing their dividends for over a decade and have the potential to increase it further in the coming years. We'll zero in on five dividend stocks that I believe are well positioned to continue to boost their shareholders' returns through higher dividends.

Algonquin Power & Utilities

Algonquin Power & Utilities (TSX:AQN)(NYSE:AQN) has paid and raised its dividends over the past 10 years. The company hiked its dividends at a CAGR (compound annual growth rate) of 10%, thanks to the continued rate base growth that drove double-digit growth in its earnings and supported its cash flows.

Algonquin Power & Utilities expects its rate base to increase at a CAGR of about 11% through 2025, which could continue to drive its earnings and cash flows at a healthy pace during the same period. Further, it projects its adjusted EBITDA to increase at a CAGR of 15% over the next five years. Its low-risk business, rate base growth, and robust cash flows suggest that its dividends could continue to increase in the coming years. At current price levels, Algonquin Power & Utilities's yield stands at 3.7%.

Emera

Emera (TSX:EMA) has raised its dividend at a CAGR of about 6% over the past two decades and remains well positioned to increase it further over the next several years, thanks to its regulated assets that generate predictable and growing cash flows.

The company generates 95% of its earnings from regulated assets, implying that its payouts are safe. Further, it projects its rate base to increase by 6% annually over the next two years, suggesting that investors could expect the company to continue to hike its dividends.

Emera forecasts its annual dividends to increase by 4-5% through 2022. It currently offers a yield of 4.8%.

TC Energy

TC Energy (TSX:TRP)(NYSE:TRP) has raised its dividends for 20 consecutive years at a CAGR of 7%. The company's earnings are backed by assets that are regulated or have long-term contracts, implying that the company's earnings and payouts are safe and reliable.

Thanks to its high-quality earnings base and growing assets, TC Energy expects its dividends to increase by 8-10% in 2021. Further, the company projects 5-7% growth in its dividends beyond 2021. The energy infrastructure company is currently offering a high yield of 5.8%.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) has uninterruptedly raised its dividends for 47 years, thanks to its low-risk, rate-regulated business that generates robust cash flows. Moreover, it projects 6% annual growth in its dividends over the next five years.

Fortis expects its rate base to increase by $10 billion in the next five years, which could drive its earnings and support its higher dividend payments. Further, investments in infrastructure, diversification, and opportunistic acquisitions bode well for future growth. The Dividend Aristocrat offers a yield of 3.8%.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) raised its dividends for 26 years in a row. Furthermore, Enbridge's dividends have grown at a CAGR of 10% during the same period. Enbridge's robust dividend payments are backed by its diversified revenue stream and continued strength in its core business.

With the expected improvement in mainline throughput volumes, growth in its gas and renewable power business, cost savings, and secured capital growth program, Enbridge could deliver strong cash flows over the next several years and pay higher dividends.

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2. NYSE:ENB (Enbridge Inc.)
3. NYSE:FTS (Fortis Inc.)

4. NYSE:TRP (Tc Energy)
5. TSX:AQN (Algonquin Power & Utilities Corp.)
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7. TSX:ENB (Enbridge Inc.)
8. TSX:FTS (Fortis Inc.)
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