3 Top Canadian Stocks to Buy Now for Passive Income

Description

If you are looking to add a new and growing passive income stream, I have shortlisted three top Canadian stocks that could consistently deliver regular and higher dividends. Thanks to their resilient cash flows, these companies have been paying dividends for a very long period. Furthermore, their strong fundamentals, high-quality earnings base, and good growth opportunities could continue to drive future dividends.

Enbridge

Speaking of top income stocks, **Enbridge** (TSX:ENB)(NYSE:ENB) pops up first. It has paid dividends for 66 years in a row and offers a high yield of over 7.1%. Also, it has increased its dividends at a pace (compound annual growth rate of 10% since 1995), the highest among its peers.

Enbridge's robust dividend payments are supported by its resilient business model and over 40 diverse cash flow streams. Furthermore, the continued momentum in its core business, improving energy outlook, and investments in growth initiatives suggest that Enbridge's future dividends could continue to grow at a healthy pace. The energy infrastructure giant is projecting annual growth of about 5-7% in its distributable cash flow per share. Meanwhile, its dividends could rise at a similar rate in the coming years.

The steady recovery in its mainline throughout, growth opportunities in the renewable and gas business, cost efficiencies, and a secured capital program are likely to expand its high-quality earnings base and drive future dividends.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) is another must-have stock in an income portfolio. Fortis has uninterruptedly increased its dividends in the last 47 years. Further, the utility company expects its dividends to grow by a CAGR of 6% over the next five years.

Fortis' robust dividend payments are backed by its rate-regulated utility assets that generate stellar earnings and predictable cash flows. Its low-risk business and diversified and high-quality regulated utility assets are likely to drive its high-quality earnings base. Meanwhile, strategic acquisitions and expansion of its renewable power business are likely to bolster its growth.

Investors can rely on Fortis for stable dividend income as the company projects its rate base to increase at a CAGR of 6% or by $10 billion through 2025. It currently offers a decent yield of about 3.7%, which is very safe.

TC Energy

TC Energy (TSX:TRP)(NYSE:TRP) is another top Canadian dividend stock that has delivered stellar returns and paid regular dividends in the past, thanks to its high-quality earnings and solid asset base. Notably, it has uninterruptedly paid and increased its dividends by 7% annually over the past 21 consecutive years, backed by continued growth in its cash flows. It currently offers a solid yield of about 5.7%.

I believe the company could continue to grow its dividends at a decent pace in the coming quarters, as TC Energy derives most of its earnings from the diversified assets that are regulated and contracted. Furthermore, its asset utilization rate remains high, which is encouraging.

Meanwhile, TC Energy expects to increase its annual dividends by 5-7%. Its robust development portfolio, solid growth potential, and a $20 billion secured capital program are likely to boost its earnings and cash flows. Further, its sustainable payout ratio and solid comparable EBITDA suggest that its yield is very safe.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:FTS (Fortis Inc.)
3. NYSE:TRP (Tc Energy)
4. TSX:ENB (Enbridge Inc.)
5. TSX:FTS (Fortis Inc.)
6. TSX:TRP (TC Energy Corporation)

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