3 TSX Stocks That Are Passive-Income Machines

Description

Having a passive-income stream can be excellent for you, because it can offer you significant financial support. The Canadian stock market boasts several high-quality, income-generating assets that you can use to create a passive-income portfolio.

I will discuss three Canadian stocks that could be excellent picks for your portfolio if you want to create a passive-income stream.

Canadian Utilities

Canadian Utilities (TSX:CU) is one of Canada's top dividend-paying stocks, and it boasts the longest dividend-growth streak among Canadian Dividend Aristocrats. The utility company has raised the payouts to its shareholders consecutively for the last 49 years, showing its ability to deliver consistent and stellar earnings growth.

The company generates most of its cash flows from high-quality and regulated utility assets. Its predictable income allows Canadian Utilities's management to fund its growing dividend payouts comfortably. The company also uses its predictable cash flow to finance further investments in contracted and regulated assets to continue improving its operations.

Trading for $35.64 per share, Canadian Utilities stock boasts a juicy 4.94% dividend yield that you can lock in right now.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) is another Canadian stock to consider for its reliable cash flows and consistent earnings growth. The low-risk holdings company owns and operates several utility businesses that generate significant and predictable cash flows. Fortis boasts a dividend-growth streak of 47 years, and its management expects to increase its dividends by an annual average of 6% in the next five years.

The company's consistent rate base growth, diversified utility assets, and increasing focus on renewable power-generation capacity allow Fortis to continue driving its earnings at a decent pace. The company looks well positioned to continue growing dividend payouts to its shareholders.

The stock is trading for $56.94 per share at writing, and it boasts a 3.55% dividend yield.

Pembina Pipeline

Pembina Pipeline (TSX:PPL)(NYSE:PBA) has been paying its shareholders their dividends for the last 48 years, and the company has raised its payouts for the last 10 years by an annual average of 5%. Pembina is a solid dividend stock to consider adding to your portfolio if you are trying to create a passive-income portfolio.

The pipeline company generates most of its revenues through a highly contracted business, allowing it to generate stable income, despite volatile commodity prices. The improving outlook for the energy sector could spell excellent news for Pembina Pipeline's long-term prospects. Its exposure to several commodities and its newly acquired growth projects will likely continue supporting its growing dividend payouts.

The stock is trading for $40.71 per share at writing, and it boasts a juicy 6.19% dividend yield.

Foolish takeaway

Investing in a portfolio of reliable dividend stocks and storing the portfolio in your Tax-Free Savings Account (TFSA) can help you create a robust and growing passive-income stream. You could consider using the dividend income to supplement your active income. Reinvesting the dividends could allow you to unlock the power of compounding and accelerate your wealth growth.

Regardless of how you intend to use your dividend income TFSA portfolio, Pembina Pipeline, Canadian Utilities, and Fortis stock could make excellent foundations for your portfolio.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. NYSE:PBA (Pembina Pipeline Corporation)

3. TSX:CU (Canadian Utilities Limited)
4. TSX:FTS (Fortis Inc.)
5. TSX:PPL (Pembina Pipeline Corporation)

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Date
2025/08/23
Date Created
2021/06/22
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