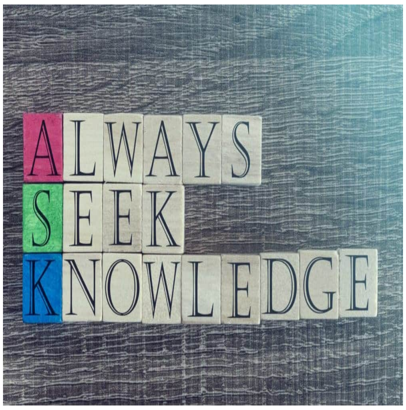

TFSA Investors: 3 TSX Stocks for Passive Income

Description

Looking for passive income?

If so, you might want to consider investing in dividend stocks.

Dividend stocks are among the few sources of passive income that don't take a lot of time to get started with. All you need is a bit of money and you can start receiving payments in your brokerage account every quarter (sometimes every month!).

With that in mind, here are three great **TSX** dividend stocks to start building passive income in your portfolio.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is an energy stock with a sky-high 6.85% dividend yield. If you invest $100,000 in ENB you get $6,850 in cashback every single year! And the amount can grow considerably if Enbridge raises its payout. Over the last five years, ENB has raised its dividend by about 9.3% annualized. If it keeps up that trend then the yield-on-cost will be even higher than 6.85% in the future.

And indeed, there are reasons to think that Enbridge will continue to raise its dividend. ENB is a pipeline company whose competitors are being plagued by delays and other setbacks. Just recently, President Biden cancelled the Keystone XL pipeline. That created an opportunity for Enbridge, whose pipelines are usually filled to capacity as it is. With competitors out of the picture, Enbridge will have to pick up the slack. That ultimately means more revenue.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) is a Canadian utility stock with a 3.7% dividend yield at today's prices. The company has raised its dividend every single year for the past 47 years. Management aims to increase the dividend by about 6% a year over the coming five years. So your yield-on-cost is likely to grow into the future if you buy the stock today.

Fortis has a lot going for it as a company. It's a regulated utility, which means it can survive market downturns (utilities are non-cyclical). It has geographically diversified operations, so it doesn't depend on any one country to make money. Finally, it has a long history of reliability, delivering steadily rising earnings to investors, and passing them on as dividends. A solid income play that also has moderate growth potential.

TransAlta Renewables

Last but not least we have **TransAlta Renewables** (TSX:RNW). This is a renewable energy utility that generates power through hydro, natural gas, wind, and solar energy. There are plenty of utility companies out there but RNW's focus on renewables helps it in the era of climate change. Utilities that generate power from "green sources" are likely to fare well in the year ahead, as climate regulations place caps on carbon-emitting utilities. The U.S. utility **Duke Energy** for example is likely to experience some challenges with increasing carbon emission regulations, as it generates power by burning coal. RNW is pretty safe from all those concerns.

Now for the bad news:

RNW's most recent quarter wasn't so hot. EBITDA, funds from operations (AFFO), and cash for distribution (CAFD) all decreased from the prior-year period. CAFD declined by a full 67.5%. Not the prettiest numbers. But as long as RNW continues to invest in profitable infrastructure projects it should have a bright future ahead of it.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:FTS (Fortis Inc.)
3. TSX:ENB (Enbridge Inc.)
4. TSX:FTS (Fortis Inc.)
5. TSX:RNW (TransAlta Renewables)

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