



2 Top TSX Stocks for Retirement Income

Description

Retirees are searching for top TSX stocks to put in their portfolios. The overall market looks expensive, but some deals are still out there for investors focused on passive income.

Algonquin Power

Algonquin Power ([TSX:AQN](#)) ([NYSE:AQN](#)) is based in Ontario, but the majority of its assets are located in the United States.

The company has a good track record of delivering growth through a combination of strategic acquisitions and internal growth projects. That trend is expected to continue, as the company builds out its renewable energy group along with its utilities businesses.

Revenue in Q2 2021 jumped 54% to US\$527.5 million compared to the same period last year. Adjusted EBITDA increased 39% and adjusted net earnings rose 93%.

Algonquin Power owns and operates hydroelectric, wind, and solar facilities that have a combined generating capacity of about 2.8 GW. The company also has investments in other assets with an additional 1.3 GW capacity. Algonquin Power is on track to hit its near-term [ESG](#) goal of adding two GW of renewable power generation between 2019 and 2023.

The 2021-2025 capital program is a solid US\$9.4 billion. As the new assets go into service revenue and cash flow should increase to support steady dividend increases. Algonquin Power raised the payout by 10% in 2021.

The stock is off the 2021 high, giving investors a chance to buy the shares at a cheap price and pick up a good yield. At the time of writing, the stock trades near \$18 per share and offers a 4.8% dividend yield.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) should benefit from the strong turnaround in the North American and global energy sectors. Oil and natural gas prices are soaring on tight supplies, driven by strong demand from an economic rebound and the impacts of erratic weather conditions.

Enbridge transports 25% of the oil produced in the U.S. and Canada and moves 20% of the natural gas used in the United States. The company recently completed and put its Line 3 Replacement project into service. This will increase in revenue for Q4 2021 and provide a strong start to 2022. The pipeline moves oil from Alberta to refineries in the United States.

Enbridge also recently announced the US\$3 billion purchase of an oil export facility on the U.S. Gulf Coast. The company's large pipeline infrastructure network gives it an advantage to capitalize on increased international demand for domestic oil and natural gas.

Enbridge is best known for its oil infrastructure, but it also has a large natural gas transmission and storage business, as well as gas distribution utilities and renewable energy assets.

The non-oil operations held up well last year, providing revenue stability that enabled the board to raise the dividend leading into 2021. A payout hike of 5-7% could be on the way for 2022, supported by the start-up of Line 3 and other projects.

The stock looks attractive at \$51.50 per share and provides a 6.5% dividend yield.

The bottom line on top income stocks

Algonquin Power and Enbridge are top dividend stocks with above-average yields. The distributions should continue to grow in the coming years, making these stocks decent picks right now for an income portfolio.

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2. NYSE:ENB (Enbridge Inc.)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
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