



Passive Income: 2 Canadian Dividend Stocks to Buy and Hold

Description

Wouldn't you love it to just buy on dips and hold your dividend stocks for passive income? Dividend stocks aren't made equal. In fact, it could be dangerous for investors who want to minimize management for their stocks but end up buying ones that require excessive attention. Don't know where to start investing? Below, I'll introduce two [Canadian dividend stocks](#) that are perfect for passive income.

Three of the top 10 Canadian dividend-growth stocks are utilities. And it's not a coincidence. Let's dive into two Steady Eddie utilities: **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) and **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#))([NYSE:BIP](#)).

Fortis stock

Fortis stock has an admirable reputation for its long dividend-growth streak. Specifically, it has raised its dividend, through *five* recessions, for 47 consecutive years. And it has actually paid dividends for 55 consecutive years. Today, the company is as strong and stable as ever.

The regulated utility is diversified geographically primarily in Canada and the United States. It's also diversified across different regulators. ITC, Fortis's prized electricity transmission company, operates in seven states in the Midwest region. Fortis also has other electricity and gas utilities. These operations are regulated by the Federal Energy Regulatory Commission (FERC), the Arizona Corporation Commission, and the New York State Public Service Commission. Furthermore, Fortis has operations in British Columbia, Alberta, Ontario, and more. Regulators in the respective regions see that the utility gets reasonable returns for its assets.

Growth opportunities are abundant across its portfolio, including grid modernization, shift to renewables, storage and electric transmission, etc. Fortis has a \$19.6-billion five-year capital plan through 2025 in these kinds of investments. Only 15% are major capital projects. Therefore, overall, the capital plan should translate to low-risk growth. Through 2025, management projects rate-base growth of approximately 6%, supporting a dividend-growth rate of roughly 6%.

At \$56.44 per share, [Fortis stock](#) offers a decent yield of close to 3.8%. Its payout ratio is sustainable at about 77%. Essentially, buy the dividend stock on dips and you're set to enjoy a growing stream of passive income.

Brookfield Infrastructure Partners

Another utility that's excellent for passive income is Brookfield Infrastructure. Currently, BIP stock yields about 3.6% with a sustainable payout ratio. Its dividend-growth streak is not nearly as long as Fortis's only because **Brookfield Asset Management** spun off Brookfield Infrastructure Partners in 2008. In 2020, Brookfield Infrastructure Partners spun off **Brookfield Infrastructure Corporation** to appeal to investors who preferred to invest in a corporation structure. BIPC continues to trade at a small premium to BIP, even though they pay the same payout.

Since BIP was listed on its own, it has increased its cash distribution every year. Consequently, it has proven to be resilient through two recessions while increasing its dividend. BIP's 10-year dividend-growth rate is 11.4%. Management targets to grow its cash distribution by 5-9% going forward — the midpoint of which is above-average for the industry.

The global infrastructure company has multiple factors to drive industry-leading growth. It invests in and operates utility, midstream, transport, and data infrastructure assets. For instance, it owns regulated transmission utilities, rail operations, toll roads, and data transmission & distribution infrastructure. Brookfield Infrastructure is well capitalized to invest in the areas that provide the best risk-adjusted returns. And it's a value investor who's very comfortable selling mature assets to reallocate capital for higher returns.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. NYSE:FTS (Fortis Inc.)
3. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
4. TSX:FTS (Fortis Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. kayng
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Date

2025/09/09

Date Created

2021/10/14

Author

kayng

default watermark

default watermark