



Top 5 Passive-Income Stocks

Description

If you are planning to start a passive-income stream through stocks, here are the top five TSX stocks you can buy now. I have selected stocks that have long dividend payment history, have resilient cash flows, and are offering higher yields. Let's dive in.

Enbridge

Consider buying **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) stock for a passive-income stream that keeps growing with each passing year. Its dividend has a CAGR of 10% in the last 26 years, which is the highest among the peers. Further, it has paid a regular dividend for about 66 years in a row.

With its over 40 diversified cash flow streams, contractual agreements, and \$17 billion secured capital program, Enbridge remains well-positioned to continue to increase its dividend in the coming years. Furthermore, higher volumes and utilization rates, strength in the core business, strategic acquisitions, and opportunities in the renewable segment will likely fortify its earnings and, in turn, its dividend payouts. At present, it is offering a [stellar yield](#) of 6.4%.

Pembina Pipeline

Similar to Enbridge, **Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)) is a reliable bet to generate worry-free passive income. Pembina has been paying a dividend for more than two decades. Moreover, it has grown its dividend at a healthy mid-single-digit rate in the last 10 years. Pembina stock offers a monthly dividend and is yielding about 6.1%.

My bullishness on Pembina's dividend is backed by its high-quality, fee-based income that covers its payouts and remains immune to economic cycles. Moreover, its highly contracted business, increased volumes, a strong backlog of growth projects, and higher average realized prices augur well for future earnings growth and will likely support higher dividend payments.

NorthWest Healthcare

NorthWest Healthcare ([TSX:NWH.UN](#)) pays a monthly dividend and offers a yield of about 6%, making it an exciting investment for passive-income seekers. It owns low-risk and high-quality healthcare real estate assets that consistently generate strong cash flows and support its payouts.

Furthermore, its high occupancy rate, inflation-indexed rents, a high mix of government-backed tenants, and long lease expiry term indicate that the company remains well positioned to enhance its shareholders' return through steady dividend payments. Also, its strategic acquisitions, geographic expansion, and healthy balance sheet bode well for growth.

Canadian Utilities

With 95% of its earnings coming from regulated utility assets, **Canadian Utilities** ([TSX:CU](#)) is one of the [most reliable stocks](#) to generate a growing passive income. It has been paying a dividend for a long time and has increased it since 1972. As it continues to invest in regulated utility assets, I expect its high-quality earnings base to expand and support higher dividend payments in the coming years.

Looking ahead, its geographical expansion, acquisitions, optimization of its energy infrastructure assets, and growing rate base indicate that Canadian Utilities could continue to boost its shareholders' returns with increased dividend payments. Currently, its stock offers a safe yield of 4.9%.

Capital Power

With eight consecutive annual dividend increases, utility company **Capital Power** ([TSX:CPX](#)) should be on your buy list to generate a steady passive income. Its low-risk business model, a young fleet of assets, and a strong pipeline of growth opportunities in the wind and solar segment augurs well for future growth and will likely support its future dividend payments.

Looking ahead, the ongoing strength in its core business and growth in renewable assets will likely drive its profitability. Meanwhile, its low payout ratio (45-55%) is sustainable in the long term. Further, Capital Power stock is trading at a discount to peers and offers a high yield of 5.8%.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks
4. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. TSX:CPX (Capital Power Corporation)
4. TSX:CU (Canadian Utilities Limited)

5. TSX:ENB (Enbridge Inc.)
6. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
7. TSX:PPL (Pembina Pipeline Corporation)

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