



Passive Income Investors: 2 Safe Dividend Stocks to Buy on Sale!

Description

Whenever you have a chance to pick up a passive income stock on [sale](#), you should look to top-up or initiate a position, as the yield tends to swell at a rate inversely proportional to a drop. Indeed, if the fundamentals are still intact and the dividend is still well-supported by cash flows from operations, income investors may have a true bargain on their hands.

Even for firms that have had their cash flows affected over the near or medium-term, one must conduct a thorough analysis of the balance sheet to ensure dividend stability under bear-case scenarios. Although bear case scenarios may be unlikely, one must always consider it, so they minimize the chances they fall into the receiving end of a dividend cut.

Such reductions to payouts tend to accompany steep capital losses. Indeed, a one-two punch to the gut of passive income investors who didn't put in enough homework.

TSX dividend stocks for passive income investors to buy on the cheap

In this piece, we'll have a look at two sold-off passive-income stocks that I believe have safe payouts and are more than buyable for those seeking secure dividend payouts over time. While there are harder-hit names out there with even larger yields, the following, I believe, provide a good mix of both dividend stability and margin of safety. Remember, chasing yield blindly can be hazardous to your wealth!

Sure, a big yield is nice to have. But at the end of the day, it's all about getting a little bit more for every dollar you'll put down to invest! That's the art of value investing, and it always matters, regardless of your investing style (i.e., growth versus income).

Without further ado, consider **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) and **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)), two passive income stocks that give a solid bang for your buck at current levels.

Algonquin Power & Utilities

Algonquin Power is an incredibly robust renewable energy power play with some of the most stable utility assets out there. Indeed, the firm has water assets, which are arguably the safest and stablest as cash-producing assets get. With renewable energy projects thrown into the equation, you've got the perfect blend of rock-solid stability and next-level growth aided by a long-term secular trend.

Indeed, Algonquin can play defence with its utility business, while going aggressive on the growth front, with renewable projects that are much in need as the world transitions away from fossil fuels gradually. With a great management team, Algonquin is one of few firms that can allow investors to have their cake and eat it too, with a solid growth profile and a sizeable upfront dividend that's currently yielding just shy of 5%.

At \$17 and change, the stock looks to be staging a bottom on a solid support level. Heading into the new year, I'd look for shares to start moving higher again, even in the face of rate hikes, which are a known, but baked-in negative.

Fortis

Fortis is a retiree favourite that holds little appeal for today's young investors who'd rather bet on Bitcoin. While the stock won't make you rich, it can help you stay rich and bring the fight against inflation. Indeed, inflation tides are rising, and Fortis' growing dividend can help investors' portfolios keep their heads above water.

After doing virtually nothing for around two years now, I think investors should buy the name before it breaks out to the upside. Undoubtedly, higher rates and other headwinds are already baked in at \$55 and change. With a juicy 3.9% yield, investors ought to consider punching their ticket sooner rather than later if they seek passive income at a reasonable price.

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2. NYSE:FTS (Fortis Inc.)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
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