



Passive-Income Investors: 3 Stocks Offering High Yields and Dividend Growth

Description

Passive-income investors looking for reliable dividend stocks could consider adding **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)), **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)), and **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)) to their portfolios.

These TSX-listed stocks have a long track record of consistently increasing their dividends. Further, they are offering a high and reliable dividend yield. Let's look at the dividend profile of each of these companies in detail.

Toronto-Dominion Bank

For those who do not know, Toronto-Dominion Bank has been paying dividends for a very long period. To be precise, this bank has paid dividends for 164 years. Moreover, it has aggressively increased its dividend compared to its peers.

Notably, Toronto-Dominion Bank's dividend has a CAGR of 11% since 1995, the highest among all the top Canadian banks. Moreover, it recently increased its quarterly dividend by 13%.

Its robust dividend payments are backed by its ability to generate strong profits consistently. Toronto-Dominion Bank's adjusted earnings are growing at a CAGR of 9.5%. Moreover, the bank remains well positioned to benefit from economic expansion and revival in credit demand.

Overall, its diversified business mix, higher loans and deposit volumes, decline in allowances, strong credit portfolio, and operating leverage will likely drive its earnings at a solid pace and support higher dividend payments. The bank pays a quarterly dividend of \$0.89 a share, reflecting a dividend yield of 3.6%. Further, its target payout ratio of 40-50% is sustainable in the long run.

Algonquin Power & Utilities

Like Toronto-Dominion Bank stock, Algonquin Power & Utilities is another solid investment for [passive-income investors](#)

. Thanks to its high-quality earnings base, Algonquin Power has consistently increased its dividend. On average, its dividend has an annualized growth rate of 10% in the last 11 years.

Its conservative business mix, rate base growth, and long-term contractual arrangements suggest that Algonquin Power could continue to grow its earnings and dividend at a decent pace in the coming years.

Notably, Algonquin Power expects its rate base to increase at a mid-teens rate over the next five years, which will likely drive its EBITDA and profitability. Algonquin Power projects its earnings to grow at a CAGR of 7-9% during the same period, implying that its dividends could have a similar growth rate in the future.

Overall, its rate-regulated assets, growing renewable power capacity expansion, strategic acquisitions, and long-term agreements bode well for future growth and support my bullish outlook. Algonquin Power offers a high dividend yield of 4.8%.

TC Energy

Next up are the shares of TC Energy. It owns low-risk and high-quality regulated and contracted assets. Notably, its assets generate strong and resilient cash flows and have a high utilization rate that supports its [higher dividend payments](#).

Thanks to its resilient cash flows, TC Energy has consistently raised its dividend for more than two decades. Its dividend has a CAGR of 7% since 2000. Moreover, the company expects to increase its future dividends at an average annualized growth rate of 3-5%.

Its strong secured capital projects, recovery in energy demand, transition to green energy, and contractual arrangements to lower the volume and price risk augur well for growth and will likely drive its earnings. Further, revenue escalators and additional sanctioned projects will support its growth. TC Energy offers a quarterly dividend of \$0.87, reflecting a yield of 5.6%.

CATEGORY

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2. Investing

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1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:TD (The Toronto-Dominion Bank)
3. NYSE:TRP (Tc Energy)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:TD (The Toronto-Dominion Bank)
6. TSX:TRP (TC Energy Corporation)

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