



## Passive Income: 3 Cheap Stocks to Buy Now and Never Sell

### Description

The TSX has several high-quality stocks that have been paying dividends for a very long period and are attractive long-term bets to generate a growing passive-income stream. However, in this article, I'll zoom in on three high-quality passive-income stocks that are worth buying and holding forever. Besides offering growing passive-income streams, these passive-income stocks are trading cheap. Let's begin.

### Add this solid utility stock

Utility companies are known for offering reliable dividends, and **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) is no different. Its conservative business mix and consistent earnings growth have led Algonquin Power to return a substantial amount of capital to its shareholders in the form of higher dividend payments.

It has been paying and increasing its dividends for 11 years. Also, its dividends have grown at a CAGR of 10% during the same period.

Looking ahead, this utility company is projecting its rate base to increase at a double-digit rate over the next five years. This will drive its adjusted EBITDA and earnings. It's worth noting that Algonquin Power expects its earnings to grow by 7-9% annually, which will drive future dividend payments. Further, its long-term agreements, growing renewable power capacity expansion, and strategic capital allocation augur well for [future dividend growth](#).

Algonquin Power stock has witnessed a healthy pullback and is trading cheap. Moreover, its dividend yield stands at 4.9%.

### Earn higher yield

Next up are the shares of **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)), which offer a high and reliable [dividend yield](#). The company has been growing dividends for 27 years with a CAGR of 10%. Meanwhile, it offers

a high dividend yield of 6.6% at current price levels.

It's worth noting that its diversified cash streams, higher utilization of its assets, and strong secured capital projects will drive its distributable cash flows in the coming years and, in turn, its dividend payments.

Furthermore, improving energy demand, recovery in its mainline volumes, revenue escalators, and acquisitions are expected to drive future payouts. Also, long-term contracts and opportunities in the renewable segment augur well for growth.

Enbridge stock has witnessed a steep recovery from the pandemic lows. However, its stock looks attractive on the valuation front. Its NTM EV/EBITDA multiple of 12.2 is lower than the historical average, providing an excellent buying opportunity for the long term.

## Scotiabank

**Scotiabank** ([TSX:BNS](#))([NYSE:BNS](#)) is another top-quality dividend stock worth investing in at current price levels. The stock is trading cheap and offers a high yield. Notably, Scotiabank stock is trading at price-to-earnings and price-to-book value multiples of 11.1 and 1.6, respectively, which is lower than the peer group average of 12.2 and 1.9. Meanwhile, Scotiabank stock offers a dividend yield of 4.4%.

Thanks to its consistent earnings growth, Scotiabank's dividend has a CAGR of 6% since 2000. Meanwhile, it remains on track to enhance its shareholders' returns through higher dividends in the coming years.

Its exposure to high-growth banking markets, growing scale, diversified revenue mix, and improving operating environment suggest that Scotiabank could continue to increase its future dividends at a mid-single-digit rate in the coming years.

Further, lower provisions, solid credit quality, operating efficiency, and a strong balance sheet will likely support profitability.

### CATEGORY

1. Dividend Stocks
2. Investing

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1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:BNS (The Bank of Nova Scotia)
3. NYSE:ENB (Enbridge Inc.)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
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