3 Top TSX Stocks for Passive Income

Description

When you are starting a passive income, it might be a good idea to stick with tried and tested investments instead of looking for hidden gems. While the latter can be the perfect option for unconventional growth (under the right circumstances), it might not offer the same level of reliability and predictability you would want in assets responsible for generating a passive income for you.

There are three top TSX stocks that have proven their mettle as reliable dividend stocks that would be perfect additions to a passive income-producing portfolio.

An energy aristocrat

TC Energy ([TSX:TRP](#))([NYSE:TRP](#)), an [energy infrastructure company](#) based in Alberta, has a well-diversified energy business. It's primarily a natural gas transportation company and is responsible for moving one-quarter of the gas used by North American consumers via its 93,300 km pipeline network. But the company also has an oil and related liquids business, which complements its natural gas business.

The company has also diversified its operations into power generation and storage as well and has a stake in 4.2 GW power-related assets. It's among the long-standing aristocrats in the energy sector and has grown its payouts for two consecutive decades. Currently, the company is offering a juicy 5.5% yield. It's also starting a new solar-storage project with U.S.-based **Lockheed Martin**.

A financial dividend payer

Even if you look outside the select pool of aristocrats, there are a lot of healthy dividend-paying companies, like **IGM Financials** ([TSX:IGM](#)). It's part of the Power Corporation holding company and operates via three companies. Most of the money comes through its wealth management businesses, while the rest comes from the asset management side of the operations.

It's a financially healthy stock that you might not want to invest in from a capital-appreciation

perspective. However, its dividends seem rock solid, as its payout ratio hasn't exceeded 100% once in the last 10 years, and it's currently 57.2%. The company is offering a decent 4.6% yield, which, with the right capital, could produce quite a sizeable passive-income stream.

A niche REIT

Automotive Properties REIT ([TSX:APR.UN](#)) focuses on a [niche real estate](#) asset class: automotive properties. The reliance on one asset class might not seem healthy from a diversification perspective, but it can make for stable income for the REIT and, consequently, reliable dividends if the asset class is performing well. And if we look into the company's financials, it seems like the investment approach is working quite well.

The REIT has a portfolio of 66 income-producing properties spread out over more than 200 acres of commercial land. The GTA and GMA have the bulk of the REIT's properties, but considering the population density of the two regions, it's adequate from a geographic diversification perspective.

It has 32 partners (vehicle manufacturers), including some of the most sold brands in the country, and in 2020, a quarter of the total retail vehicle sales in the country happened from the REIT's properties. This makes the generous 5.6% yield quite sustainable.

Foolish takeaway

The three [dividend stocks](#) are ideal for starting or adding to a passive-income portfolio. Only one of them is the aristocrat, so you cannot expect a portfolio made solely of these three stocks to *beat* inflation, but the probability of the dividends being suspended or slashed is quite low.

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