Got $300? The 3 Best Passive-Income Stocks to Buy Now

Description

A small but regular investment in top-quality dividend stocks could help you create a portfolio that will offer solid passive income over the years. While several Canadian companies have paid and raised dividends for years, this article will focus on corporations with clear visibility over future cash flows, implying they could continue to increase their dividends in the coming years.

So, if you can spare $300 a month, start accumulating these three TSX stocks to create a solid passive-income portfolio.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) is an obvious stock in any passive-income portfolio. Its low-risk business, predictable and growing cash flows, continued investment in infrastructure, and shift towards renewables indicate that Fortis is well positioned to return a substantial amount of cash to its shareholders in the coming years.

For context, Fortis's diversified rate-regulated assets and $20 billion capital program will likely drive its earnings and, in turn, its dividends. It has hiked dividends for 48 years and projects it to increase by 6% annually through 2025. Overall, its high-quality earnings, opportunities in renewables, strategic acquisitions, and cost savings bode well for growth. Meanwhile, Fortis offers a yield of 3.7%, which is well protected.

TC Energy

Energy infrastructure company **TC Energy** (TSX:TRP)(NYSE:TRP) is another reliable investment for passive-income investors. It has consistently enhanced its shareholders' returns through higher dividends and offers visibility over future payouts. TC Energy's dividends have an average annual growth rate of 7% in the last 21 years. Meanwhile, it is projecting a 3-5% increase in its annual dividends in the coming years.

Its high-quality regulated and contracted assets and higher utilization rate will likely drive its resilient cash flows. Further, its solid secured projects, migration towards green energy, and revenue escalators will likely drive its revenues and profitability. Shares of TC Energy are yielding over 5.4% and are a must-have in your passive-income portfolio.

Enbridge

Another reliable bet for passive income is **Enbridge** (TSX:ENB)(NYSE:ENB). Its resilient income, contractual arrangements, strength in the underlying business, and utility-like cash flows drive its DCF (distributable cash flows) and, in turn, its dividend payments. Enbridge offers a big yield of 6.6% at current levels, which is safe. Meanwhile, its dividend-payout ratio is sustainable in the long run.

Its dividends have a CAGR of 10% over the last 27 years. Meanwhile, the company will likely increase it further at a low- to mid-single-digit rate in the coming years. Its diversified assets, strong capital program, revenue escalators, contracted cash flows, and recovery in mainline volumes bode well for growth. Moreover, a higher asset utilization rate, strategic acquisitions, and cost-savings initiatives will likely support its DCF per share and future dividend payments.

Bottom line

These Canadian companies have well-protected cash flows that drive their payouts. Further, the ongoing strength in their base business and good growth opportunities support my bullish outlook. It’s worth noting that these stocks, on average, offer a yield of 5.2%, which makes them highly attractive.

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