3 Passive-Income Stocks for February 2022

Description

2022 is off to an interesting start. The market is more volatile as growth stocks shed value. Meanwhile, rising interest rates and the cost of inflation leave investors few places to hide. If you're seeking passive income, this is a tricky year to start.

Nevertheless, there's always an opportunity for long-term investors regardless of market conditions. With that in mind, here are the top three passive-income stocks that should be on your radar in 2022.

Passive-income stock #1

Enbridge (TSX:ENB)(NYSE:ENB) is on the top of this list for a number of reasons. Firstly, the stock is undervalued. It's trading at just 19 times earnings per share. That alone should put it on your radar.

Secondly, the company faces macroeconomic tailwinds. Demand for crude oil and natural gas is already soaring to eye-watering levels. The energy crisis that started in Europe is quickly spreading across the world. Meanwhile, Russian troops at the Ukrainian border might as well be waving another red flag for this energy crisis.

Analysts are expecting a surge in prices. But even if that doesn't materialize, Enbridge is in a solid position to reward shareholders this year. The company recently raised its dividend payout by 3%. Now, the yield is 6.3%. The company is targeting cash flow growth of 6-7% every year until 2024. The management team has also implemented a buyback program for outstanding shares.

If you're looking for a safe bet in the midst of market chaos, this passive-income stock should be on your radar.

Passive-income stock #2

BCE (TSX:BCE)(NYSE:BCE) is arguably a safer bet than Enbridge. While its dividend yield is comparable (5.11%) its risk profile is tangibly lower. After all, Canada's largest telecom provider isn't exposed to a war in Eastern Europe or China's slowing economy. Bell Canada only needs three things to keep expanding: population growth, technology improvements and market dominance.

All three factors are in play for the next few years. Canada's population grows faster than most other G7 nations. That means Bell Canada can hope to add new subscribers at a steady pace. Meanwhile, regulators are unlikely to break its grip on the market.

With the largest market share and steady cash flows, Bell can comfortably invest in its network. It's a clear beneficiary of the upcoming 5G boom. In fact, major investments have already been completed and the rollout is underway.

BCE trades at 20 times earnings. That's not cheap for a mature blue-chip stock. But in this environment, it looks like fair value for a robust passive-income stock.

Passive-income stock #3

No list about passive-income stocks is complete without mentioning **Fortis** (TSX:FTS)(NYSE:FTS). The utility giant is proxy for your cost of living. That means if inflation stays uncontrollably high, Fortis earnings should surge alongside it. That's probably why the company is forecasting 6% average annual growth in dividends through 2025.

At the moment, Fortis stock trades at 22.8 times earnings per share and offers a 3.6% dividend yield. That's fair value for a Dividend Aristocrat that's confident about earnings growth for the foreseeable future.

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