



## Earn Worry-Free Passive Income With These 4 TSX Stocks

### Description

If you are investing in stocks to start a passive-income stream, focus on companies that can consistently grow their earnings, even amid a challenging operating environment. In this article, I'll discuss four stocks that have resilient cash flows and could help generate a worry-free passive income for decades.

### Fortis

Shares of the utility company **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) are an obvious choice for investors looking for a growing [passive-income](#) stream. Fortis's regulated and low-risk business generates steady cash flows that drive its dividend. Fortis increased its dividend for 48 years and expects to grow it by 6% per annum through 2025.

Fortis's diversified assets, rate base growth, and expansion of renewables capacity will likely drive its high-quality earnings base and, in turn, its future dividend payments. Further, opportunistic acquisitions, investments in infrastructure, and cost-saving initiatives support my optimism. Fortis pays a quarterly dividend of \$0.535 a share, representing a well-protected dividend yield of 3.7%.

### Toronto-Dominion Bank

There are a couple of reasons why **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) stock is on this list. First, Toronto-Dominion Bank has a rich history of dividend payments (it has paid a dividend for about 164 years). Second is its ability to grow its dividend at a higher rate than peers. Notably, Toronto-Dominion Bank's dividend has had a CAGR of 11% since 1995. That's much higher than the peer group average of about 6%.

Its diversified revenue stream, improvement in loans and deposits volumes, expected increase in interest rates, lower provisions, and operating leverage will likely drive its earnings and, in turn, its future dividend payments. It's worth noting that Toronto-Dominion Bank targets a payout ratio of 40-50%, which is sustainable in the long term. Further, it offers a yield of 3.4%.

## Enbridge

Like Fortis, **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) is another top stock to generate a worry-free passive income for decades. Thanks to its diversified and resilient cash flows, this energy infrastructure company has consistently returned a substantial amount of cash to its shareholders for more than 67 years. Meanwhile, its dividend has a CAGR of 10% since 1995, which is encouraging.

The improving energy demand, recovery in its mainline volumes, long-term contracts, and multi-billion-dollar secured projects indicate that Enbridge is positioned well to grow its distributable cash flows at a healthy pace. Meanwhile, higher asset utilization rate, revenue escalators, acquisitions, and expansion of renewable business bode well for future growth.

It's worth noting that Enbridge offers a well-protected and [high yield of 6.5%](#). Meanwhile, Enbridge's payouts are sustainable in the long run.

## Algonquin Power & Utilities

**Algonquin Power & Utilities's** ([TSX:AQN](#))([NYSE:AQN](#)) low-risk and diversified power-producing assets generate resilient cash flows that position it well to enhance its shareholders' value through increased dividend payments.

Thanks to its strong earnings base, Algonquin Power has increased its dividend by 10% annually over the past 11 years. Meanwhile, Algonquin Power offers a solid dividend yield of over 4.8% and remains on track to grow its dividend further in the future years.

Notably, it expects its rate base to increase at a CAGR of about 15% over the next five years, which will expand its high-quality earnings base. Management expects its earnings to increase by 7-9% per annum through 2026, which is expected to support its dividend payments.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:ENB (Enbridge Inc.)
3. NYSE:FTS (Fortis Inc.)
4. NYSE:TD (The Toronto-Dominion Bank)
5. TSX:AQN (Algonquin Power & Utilities Corp.)
6. TSX:ENB (Enbridge Inc.)

7. TSX:FTS (Fortis Inc.)
8. TSX:TD (The Toronto-Dominion Bank)

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