3 TSX Stocks to Earn Steady Passive Income

Description

The Russia/Ukraine crisis and macroeconomic headwinds have made investing in stocks complex. Nevertheless, investors have plenty of opportunities to earn steady passive income from stocks without losing their night's sleep.

Let's look at three TSX with resilient cash flows and well-protected payouts, implying that these companies could consistently generate reliable dividend income, despite the volatility in the stock market.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) is undoubtedly one of the top stocks to generate steady and reliable passive income irrespective of where the market moves. My optimism is based on its diversified and regulated asset base that remains immune to economic cycles. For context, Fortis owns 10 regulated utility businesses that account for 99% of its earnings, thus allowing the company to consistently return cash to its shareholders amid all market conditions.

Thanks to its high-quality assets and predictable cash flows, Fortis has grown its dividend for the past 48 years. Moreover, it remains upbeat and expects to hike its dividend by 6% annually over the next four years.

It's worth noting that Fortis's growing rate base will likely give a significant boost to its earnings in the coming years and, in turn, support its payouts. Fortis expects its rate to increase from $31.1 billion in 2021 to $41.6 billion in 2026, which will expand its high-quality earnings base and drive future dividend payments.

Overall, Fortis's low-risk business, high-quality cash flows, 6% dividend-growth guidance, and well-protected payouts make it a solid bet to generate consistent passive income.

Algonquin Power & Utilities

Like Fortis, **Algonquin Power & Utilities** (TSX:AQN)(NYSE:AQN) also has a conservative business mix that has supported regular payouts and consistent dividend growth for over a decade. It's worth noting that Algonquin Power & Utilities's rate base growth and long-term contracts have driven its earnings and, in turn, its payouts.

It has consistently increased its dividend for 11 years, while its dividend has a CAGR of 10% during the same period.

The company announced earlier that its rate base could increase at a CAGR of about 15% in the medium term, which will likely drive its earnings. Algonquin Power & Utilities forecasts a 7-9% annual increase in its earnings over the next five years, which will support increased dividend payments.

Algonquin's payouts are safe and sustainable in the long term. Its high-quality regulated assets, growing renewables capacity, and rate base growth indicate that it could continue to increase its dividend similar to its earnings-growth rate in the coming years.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is undoubtedly another top Canadian stock for a worry-free passive income. Its solid dividend payment history, consistent dividend growth, and diverse cash flows support my bullish view.

It's worth noting this energy infrastructure company has been paying regular dividends for more than 67 years. Further, its dividend has a CAGR of 10% for the last 27 years. Shares of Enbridge offer a high dividend yield of 6.2% at current price levels, which is safe.

Looking ahead, the recovery in its mainline volumes, ongoing momentum in the base business, and strategic acquisitions will likely drive its financials. Meanwhile, its strong secured capital projects, revenue escalators, and productivity savings will drive its distributable cash flows per share and, in turn, 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. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:ENB (Enbridge Inc.)
6. TSX:FTS (Fortis Inc.)

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