3 Low-Risk Stocks for Your Retirement Portfolio

Description

Retirees who plan to earn a steady dividend income need to be cautious nowadays. The uncertainty related to the pandemic and the ongoing Russia-Ukraine conflict will likely keep the volatility elevated in the market. Further, fear of inflation and interest rate hikes could pressure the equity market.

Nevertheless, a few dividend-paying Canadian companies continue to generate stellar cash flows and enhance their shareholders' returns through higher dividend payments. So if you are considering adding stocks to your retirement portfolio, keep **Fortis** (TSX:FTS)(NYSE:FTS), **Algonquin Power & Utilities** (TSX:AQN)(NYSE:AQN), and **TC Energy** (TSX:TRP)(NYSE:TRP) on your radar.

These companies have been consistently paying and increasing their dividends. Moreover, they have resilient cash flows, implying investors can rely on them for regular income. Let's look at these stocks in detail.

Fortis

Fortis is unquestionably a top investment in all market conditions. Its low-risk and high-quality asset base has consistently generated predictable cash flows and supported its payouts. For context, Fortis has uninterruptedly increased its dividends in the last 48 consecutive years. Moreover, thanks to the increased visibility over its future cash flows, it projects to increase its dividends further at a decent rate.

Fortis operates 10 regulated utility businesses that account for almost all of its earnings. This implies that its payouts are well protected. Moreover, the company projects its rate base to continue to increase at a compound annual growth rate (CAGR) of 6% in the medium term, which will drive its EBITDA and dividend payments.

Overall, its low-risk business, growing rate base, expansion of renewables capacity, and investments in infrastructure provide a solid base for earnings growth. Fortis expects to grow its dividends by 6% each year through 2025. Moreover, it offers a dividend yield of 3.6%.

Algonquin Power & Utilities

Speaking of low-risk stocks, Algonquin Power & Utilities is another top bet to generate worry-free income. Its conservative business mix, long-term contracts, and regulated asset base help it to generate predictable cash flows and drive dividend payments.

Notably, Algonquin Power & Utilities' earnings have grown at a decent rate over the past several years. Meanwhile, the company has raised dividends for 11 years in a row.

Looking ahead, Algonquin Power & Utilities expects its rate base to increase at a mid-teens rate, which will expand its high-quality earnings base. Further, the expansion of its renewable capacity bodes well for future growth. The company expects its adjusted net income to increase by 7%-9% over the next five years, implying that its dividends could continue to grow.

TC Energy

Energy infrastructure company TC Energy owns a resilient portfolio of regulated and contracted assets that support its dividend payouts. Notably, TC Energy has increased dividends for 22 consecutive years. Further, it expects to increase it by 3%-5% in the future years.

Notably, TC Energy offers a solid dividend yield of over 5% at current price levels.

Its diversified asset base, high utilization rate, and momentum with existing assets indicate that it could continue to deliver strong earnings. Furthermore, $24 billion secured capital project revenue escalators and additional sanctioned projects will likely drive its financials, in turn, its dividends.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:FTS (Fortis Inc.)
3. NYSE:TRP (Tc Energy)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:FTS (Fortis Inc.)
6. TSX:TRP (TC Energy Corporation)

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