3 Safe Dividend Stocks for Steady Income

## Description

If you plan to build a reliable income portfolio, add high-quality dividend-paying stocks. While creating an income-generating portfolio, it's essential to look at a company's earnings potential. Further, it's prudent to look at its dividend payment and growth history.

With a reliable income stream in the backdrop, let's look at a few Canadian corporations with strong visibility over future earnings. Moreover, these companies have been paying and increasing dividends for more than a decade.

# Algonquin Power & Utilities

Let's begin with **Algonquin Power & Utilities** (TSX:AQN)(NYSE:AQN), which has increased its dividend for 11 years. It's worth noting that Algonquin Power operates a low-risk business, while its regulated assets generate predictable cash flows. Thanks to its ability to consistently grow its earnings, Algonquin Power returns a substantial amount of cash in the form of higher dividend payments.

This utility company's robust investment pipeline is expected to drive its high-quality earnings base, indicating that Algonquin Power could continue to grow its dividend at a healthy pace. It projects the rate base to grow at a CAGR of 14.6% through 2026, resulting in an annualized growth of 7-9% in its adjusted earnings during the same period.

Overall, its high-quality assets, long-term contracts, growing rate base, strong dividend payment history, and visibility over future earnings make Algonquin Power & Utilities a reliable income-generating stock. Further, the expansion of its renewables capacity and opportunistic acquisitions bode well for future growth. It offers a dividend yield of 4.5%, while its payouts are sustainable in the long term.

# Enbridge

Next up is **Enbridge** (TSX:ENB)(NYSE:ENB), which has increased its dividend uninterrupted for 27

years. Its diversified cash flow streams, contractual arrangements, and inflation-protected revenues have led Enbridge to grow its dividend at a CAGR of 13% since 2008.

With the strong energy demand, recovery in its mainline volumes, ongoing strength in its base business, and multi-billion secured capital program, Enbridge is positioned well to grow its distributable cash flows and pay a higher dividend.

Notably, Enbridge expects its distributable cash flow per share to increase by 5-7% per annum in the medium term. This implies that its dividend could grow in the mid-single-digit range. ENB offers a dividend yield of more than 6%, which is highly reliable considering its solid cash-generating capabilities and long dividend payment history.

# Fortis

The final stock on my list is **Fortis** (TSX:FTS)(NYSE:FTS). Fortis increased its dividend for 48 consecutive years and is among the top stocks to generate steady income amid all market conditions. Its conservative business and high-quality regulated assets generate solid cash flows and support higher dividend payments.

Fortis operates multiple regulated utility businesses that account for 99% of its earnings, indicating that its payouts are well protected. Meanwhile, it expects its rate base to grow at a CAGR of 6% in the medium term, which would expand its earnings base. Thanks to the rate base growth, Fortis sees a 6% annual growth in its dividend through 2025.

Fortis's strong dividend payment history, predictable cash flows, and visibility over future dividend growth make it an attractive income stock.

## 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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