



2 Dividend Aristocrats That Are Passive Income Machines

Description

TSX's broad-based rally on March 29, 2022, resulted in a new record high. The technology sector, led by **Shopify** and **Lightspeed Commerce**, helped the Index finish higher at 22,087.20. Only two of the 11 primary sectors didn't advance on the trading day.

A resilient stock market favours dividend investors because it gives confidence to remain invested and [keep earning passive income](#). However, strong headwinds are still present, particularly geopolitical tensions and rising inflation. Your best strategy to counter the risks is to stick to dividend aristocrats.

Companies like **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)) and **Canadian Utilities** ([TSX:CU](#)) are excellent choices because of their dividend growth streaks. Both are [passive income machines](#) owing to 21 and 50 consecutive years of dividend increases, respectively.

The energy stock (+22.82%) outperforms year to date, while the utility stock is steady as ever (+5.43%). Their dividend yields are also attractive with TC Energy paying 5% and Canadian Utilities offering 4.68%. Moreover, the two dividend aristocrats are [ideal anchors](#) in a TFSA or RRSP.

Industry stalwart

TC Energy is among the stalwarts in the oil & midstream industry. The business of this \$56.27 billion company is less susceptible to oil price movements since it derives nearly 95% of earnings from either regulated assets or long-term contracts. Lower throughput volumes are perennial threats to earnings potential.

The vast oil & liquids and natural gas pipeline network plus energy solutions and power generation facilities form TC Energy's diversified high-quality asset base. Its competitive advantages are the irreplaceable, long-life infrastructure assets. It often makes lists of the best [dividend aristocrats in Canada](#). Apart from the regulated business models, the long-term commercial contracts are with credit-worthy customers.

A multi-billion capital program is in place where the company can develop more quality projects and

advance their carbon reduction goals. Total secured projects worth \$23.6 billion are expected to be in service from 2022 until 2027. Among the projects are additional natural gas pipelines in Canada, Mexico, and the United States.

As of March 30, 2022, TC Energy trades at \$71.36 per share. Based on analysts' forecasts, the price could climb further to \$79. More importantly, management's dividend growth guidance going forward is 3% to 5%. The target is achievable, given the secured growth projects.

Compounding dividend growth

Canadian Utilities is a no-brainer buy for risk-averse income investors. The utility stock is TSX's only dividend king. A half-a-century dividend growth streak is an incredible feat. Because of the lengthy growth streak, would-be investors can expect compounding dividend or passive income growth.

This \$10.29 billion top-notch utility company operates an essential business. It delivers natural gas and electricity to customers in Alberta and Northern Canada plus to end-users of electricity in Mexico and Puerto Rico. The 9.5% increase in consolidated adjusted earnings to \$586 million in full-year 2021 versus full-year 2020 reflects business stability.

The investment thesis for this \$10.29 billion company is its growing high-quality earnings base. Management has been investing heavily in regulated operations. Regulated utility adjusted earnings have grown to 95% of total adjusted earnings. The contracted and regulated earnings base of Canadian Utilities assure investors of dividend growth for years to come.

Growing income streams

Achieving dividend aristocrat status is a tough act to follow. Canadians looking for steadily growing income streams to cope with high inflation have two excellent choices in TC Energy and Canadian Utilities.

CATEGORY

1. Dividend Stocks
2. Investing

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2. TSX:CU (Canadian Utilities Limited)
3. TSX:TRP (TC Energy Corporation)

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