



2 Reliable TSX Dividend Stocks for Passive Income

Description

Income investors are searching for top TSX [dividend stocks](#) that offer attractive yields and pay distributions that grow at a reliable pace.

TC Energy

TC Energy ([TSX:TRP](#))([NYSE:TRP](#)) is in a good position to benefit from the surge in demand for North American liquified natural gas (LNG). The company operates 93,000 km of natural gas pipeline infrastructure in Canada, the United States, and Mexico. TC Energy also has vast natural gas storage operations as well as oil pipelines and power-generation facilities that round out the balanced revenue stream.

Europe is scrambling to secure reliable LNG supplies for the coming decades, as it looks to end its reliance on Russia. American LNG facilities can ship the fuel to Europe and TC Energy has key infrastructure in place to move natural gas from core production regions to the LNG terminals, where the gas is cooled to its liquid form and put on special ships.

TC Energy is also building a strategic pipeline in Canada that will connect natural gas producers in British Columbia to a new LNG facility on the B.C. coast. This will supply LNG to buyers in Asia. Countries around the globe are replacing oil and coal with natural gas as a fuel source to generate electricity. The shift to wind, solar, and hydroelectric power will continue, but there has to be reliable power production in place to meet demand surges or offset drops in renewable power supply caused by changing weather conditions.

TC Energy has a \$24 billion capital program in place that will drive steady EBITDA growth in the range of 5% per year over the medium term. Investors should see dividends increase by 3-5% annually. TC Energy raised the dividend in each of the past 22 years.

Investors who buy the stock at the time of writing can pick up a 5% dividend yield.

Telus

Telus ([TSX:T](#))([NYSE:TU](#)) is a good defensive stock to buy if you are concerned about inflation. Telus provides mobile, internet, TV, and security services to millions of customers across Canada. The company has the power to raise prices to offset increases in costs and is investing heavily in new infrastructure to ensure it protects its competitive position while creating new revenue opportunities.

Telus is wrapping up its copper-to-fibre transition this year. The company is also expanding its [5G](#) network after spending \$1.9 billion on new 3,500 MHz spectrum in 2021. Management says the heavy lifting on the capital expenditures should peak in 2022. Investments are expected to drop by \$1 billion in 2023 and remain steady for the coming years.

As a result, investors should see more cash flow become available for distributions. Telus has a great track record of increasing the payout twice per year with average annual increases of 7-10%. Investors who buy the stock at the time of writing can get a 4% dividend yield.

The bottom line on top stocks for passive income

TC Energy and Telus are leading dividend stocks that should deliver steady payout growth in the coming years. If you have some cash to put to work in a portfolio focused on passive income, these stocks deserve to be on your radar.

CATEGORY

1. Dividend Stocks
2. Investing

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2. NYSE:TU (TELUS)
3. TSX:T (TELUS)
4. TSX:TRP (TC Energy Corporation)

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