



5 Top Passive-Income Stocks to Buy in May 2022

Description

Dividend stocks are among the top investment vehicles to start a passive-income stream. Further, several top Canadian companies have been regularly paying and increasing their dividends for decades, making them attractive bets to generate a reliable income. Here are my top five picks for investors looking to start a passive-income stream.

Algonquin Power & Utilities

Algonquin Power & Utilities's ([TSX:AQN](#))([NYSE:AQN](#)) regulated assets and long-term contracts position it well to consistently pay and grow its dividend. It's worth noting that this utility company has increased its dividend for 11 consecutive years at a CAGR of 10%. Moreover, it remains on track to hike it further due to the growing rate base and expansion of its high-quality earnings base.

Algonquin projects its rate base to increase at a CAGR of 14.6% over the next five years. Further, it forecasts 7-9% annual growth in its bottom line during the same period. Algonquin Power and Utilities's predictable cash flows, earnings growth, and a well-protected yield of 4.7% make it a [reliable passive-income stock](#).

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is unquestionably a [solid investment](#) to start a passive-income stream. It has paid a dividend for 67 years. Further, it raised it at a CAGR of 10% since 1995. Its solid dividend payment history, diverse cash flow streams, inflation-protected revenues, contractual arrangements, and cost-saving measures provide a solid base for dividend payments.

Further, its robust capital program, recovery in mainline volumes, momentum in the gas business, and a sustainable payout ratio of 60-70% bode well for future dividend growth. Moreover, Enbridge offers a stellar dividend yield of 6.2%.

Bank of Montreal

With a dividend payment history of 193 years, **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) is a must-have stock in your passive-income portfolio. Its ability to drive loans and deposit volume, focus on efficiency, and strong asset quality supports its earnings growth and dividend payments.

Its diversified revenue base, growing loans and deposits base, strong balance sheet, and operating leverage will likely drive its earnings and higher dividend payments. Bank of Montreal's dividend has a CAGR of over 4% in the last 15 years. Meanwhile, it is yielding 3.9%.

Fortis

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) is another solid investment to generate a growing income stream amid all market conditions. This utility giant has paid and raised its dividend for 48 consecutive years. Further, it sees a 6% annual growth in its future dividend through 2025.

Fortis's rate-regulated assets generate predictable cash flows. Moreover, its growing rate base will likely support earnings and dividend payments. Overall, its conservative business, growing renewables capacity, focus on opportunistic acquisitions, and a solid track record of dividend growth support my bullish view.

TC Energy

TC Energy ([TSX:TRP](#))([NYSE:TRP](#)) is a leading energy infrastructure company that has raised its dividend at a CAGR of 7% since 2000. It generates about 95% of its earnings from the regulated and contracted assets, implying that its payouts are well covered and safe. TC Energy projects a 3-5% growth in its dividend, which is achievable given its growing asset base.

Its multi-billion secured projects, high asset utilization rate, low-risk assets, and resilient cash flows will likely support its payouts. It offers an attractive yield of 5.3%

CATEGORY

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2. NYSE:BMO (Bank of Montreal)
3. NYSE:ENB (Enbridge Inc.)
4. NYSE:FTS (Fortis Inc.)
5. NYSE:TRP (Tc Energy)
6. TSX:AQN (Algonquin Power & Utilities Corp.)
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8. TSX:ENB (Enbridge Inc.)

9. TSX:FTS (Fortis Inc.)
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