Passive Income: 3 Stocks to Secure a 5% Yield Amid Volatility

Description

High inflation, rising interest rates, supply shortages, and geopolitical concerns point to an economic slowdown that could keep the volatility elevated. While investing in the current environment is challenging, investors can still secure stable passive income from bargains that pay a solid dividend and have a strong payment history.

So, after you keep emergency funds aside, invest the surplus into dividend stocks that pay you well for holding them. Here are three such TSX stocks by investing in which you can secure at least a 5% yield irrespective of economic situations and volatility in the market.

NorthWest Healthcare Properties REIT

When it comes to passive income, it is prudent to rely on real estate investment trusts, or REITs. While investors have multiple investment options within REITs, I recommend **NorthWest Healthcare** (TSX:NWH.UN).

There are multiple reasons why NorthWest Healthcare is a perfect investment to generate passive income amid an uncertain economic environment. NorthWest's long payout history and a high yield of more than 6% make it attractive. Further, its defensive real estate portfolio underpinned by government-backed tenants supports its payouts.

What's more? Most of NorthWest's rents are inflation indexed, while it has a long lease expiry term. Also, NorthWest owns a highly diversified real estate portfolio and benefits from the high occupancy of its properties.

While its base business remains strong, its focus on expanding in high-growth markets, deleveraging its balance sheet, and acquisitions will likely support its growth and drive future payouts.

Enbridge

Canadian energy stocks have a solid dividend payment history. However, when the pandemic eroded demand, several energy companies announced a cut in their payouts. However, **Enbridge** (TSX:ENB)(NYSE:ENB) continued to pay its regular dividend and even increased the same.

Its resilient payouts, long dividend-growth history, high dividend yield of 6.3%, and sustainable dividend payout ratio of 60-70% make Enbridge a solid stock to earn passive income amid all market conditions.

Looking ahead, steady energy demand, higher commodity prices, diversified cash flows, and inflation-protected EBITDA will likely support its dividend payouts. Further, high asset utilization, solid capital investment, benefits from projects recently placed into service, expansion of renewables capacity, and productivity savings bode well for growth.

Its distributable cash flow per share is expected to increase by 5-7% in the coming years. This implies that investors could expect its dividend to follow similar growth in the future.

TC Energy

Within the energy space, **TC Energy** (TSX:TRP)(NYSE:TRP) is another reliable investment for passive income. Its regulated and contracted assets remain relatively immune to economic cycles and generate strong cash flows that easily cover its payouts.

Further, about 95% of its adjusted EBITDA comes from regulated and contracted businesses, which implies that its payouts are well protected. Moreover, by investing in TC Energy stock, you could earn a high yield of 5.5%

TC Energy has been paying and growing its dividend for 22 consecutive years. Further, its dividend increased at a CAGR of 7% during the same period. Looking ahead, TC Energy is confident of generating strong cash to support its payouts and growth initiatives. Further, it expects 3-5% annual growth in its future dividend, which is encouraging.

Its multi-billion secured capital program, energy transition opportunities, and cost savings will support its top- and bottom-line growth and drive its dividend payments.

CATEGORY

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2. NYSE:TRP (Tc Energy)
3. TSX:ENB (Enbridge Inc.)
4. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
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