



Need Passive Income? 3 Safe Canadian Stocks to Buy in August 2022

Description

The fear of a recession could keep you away from the stock markets. However, sitting on extra cash won't help you either. Thus, it is prudent to put some of your extra money into stocks that are less volatile, have well-protected dividend yields, and could deliver solid shareholder returns irrespective of market conditions.

So if you need passive income, here are three relatively [safe stocks](#) that could continue to pay you cash over the next decade.

Fortis

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) is an all-weather stock that pays you cash despite the challenging economic environment. Its low-risk utility business delivers predictable cash flows that support its payouts. Also, its capital investments expand the rate base that drives its earnings. Fortis has raised its dividend for 48 years. Further, this utility company expects to grow its dividend by 6% per annum through 2025.

Despite the weak macro environment, Fortis' dividend growth guidance appears achievable on the back of its growing rate base. Fortis sees its rate base growing at a CAGR (compound annual growth rate) of 6% through 2026. This will drive its earnings and, in turn, higher payouts. Also, its growing renewable power capacity and strategic acquisitions augur well for growth.

Along with a safe payout, Fortis stock offers a decent yield of 3.5%.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) operates an energy infrastructure business that consistently delivers robust distributable cash flows. It owns 40 diverse cash streams. Moreover, most of its EBITDA is inflation protected. Also, its contractual arrangements lower price and volume risk. The Canadian energy giant has grown its dividend at a CAGR of 10% for 27 years. Further, the company

remains well-positioned to hike its annual dividend at a mid-single-digit rate in the coming years.

The pipeline major's focus on the expansion of its existing conventional pipelines, continued investment in green energy, and solid capital projects bode well for growth. Also, the recovery in its mainline volumes is benefiting from new assets placed into service, newly sanctioned growth projects, and backlogs, providing a multi-year platform for growth.

Enbridge offers a high dividend yield of 6%. Thus, by investing in Enbridge stock, investors can earn solid passive income that could continue to grow with time. Also, Enbridge targets a low payout ratio of 60-70% of distributable cash flows, which implies that its dividend is sustainable in the long run.

Algonquin Power & Utilities

Like Fortis, **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) is a low-volatility stock. Besides dependable income, Algonquin Power offers decent growth. It operates a conservative utility business underpinned by rate-regulated assets and long-term contracts.

Algonquin Power consistently enhances its shareholders' returns through higher dividend payments, thanks to its solid asset base and strong earnings growth (adjusted earnings increased at an average annualized rate of 11.5% in the last five years). It has increased its dividend for 12 years at a CAGR of 10%. Meanwhile, with the continued increase in its rate base, Algonquin expects to enhance its shareholders' returns further through dividend hikes.

The multinational utility projects its rate base to grow at a CAGR of 14.6% through 2026. This would support its operating income and net earnings growth. Algonquin expects its earnings to increase at a CAGR of 7-9%, which suggests that its future dividends could grow at a mid- to high-single-digit growth rate.

Algonquin's payouts are safe, while it offers a solid yield of 5.3%.

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.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn

4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. cleona
2. snahata

Category

1. Dividend Stocks
2. Investing

Date

2025/06/29

Date Created

2022/08/02

Author

snahata

default watermark

default watermark