Want Easy Passive Income? Go With These 2 Canadian Dividend Aristocrats

Description

The **TSX** has been resilient despite the negative impact of the aggressive rate hikes by the central bank. Canada's primary stock market started strong this week, reducing its year-to-date loss to less than 6%. Notably, none of the 11 primary sectors ended in the red on Monday.

Angelo Kourkafas, an investment strategist at Edward Jones, said the rally suggests that expectations about interest rate policy have now appropriately recalibrated. However, despite the downward trajectory of inflation, investors can't be too complacent. Kourkafas warns of more market volatility ahead.

Meanwhile, income investors can stay the course, but it would be best to remain risk-averse. Dividend aristocrats like **Fortis** (TSX:FTS)(NYSE:FTS) and **TC Energy** (TSX:TRP)(NYSE:TRP) should form a solid combination if you want to earn easy passive income. The uninterrupted income streams will help you keep up with inflation.

Defensive asset

Fortis is not only a defensive asset but an excellent dividend grower. This utility stock has raised its dividend for 48 consecutive years. Although the dividend yield of 3.64% isn't the highest in the market, management is confident that it could raise the payouts by 6% annually through 2025.

The $28.2 billion gas and electric company's search for additional opportunities to diversify and grow its asset base is ongoing. Fortis derives 99% its of revenues from regulated electric (82%) and gas assets (17%), and only one percent comes from non-regulated energy infrastructure assets.

According to management, the new five-year capital plan (2022 to 2026) is the largest in Fortis' history. Furthermore, it is low-risk and highly executable. More importantly, the $20 billion plan should support its 6% average annual rate base growth target. It expects the rate base to increase 25.2% to $52.1 billion by 2026, over 2021.

Fortis investors, including retirees, can't expect much from price appreciation, but the dividend payments should be safe and rock-steady. If you take a position today, the current share price is $58.81 (-1.06% year to date).

Growth opportunities

TC Energy is an ideal pick today for its dividend growth streak, attractive dividend yield, and business growth opportunities. The $64.8 billion company performs a vital role in North America's oil and gas midstream industry. Apart from its crude oil pipelines, it has a network of natural gas and nuclear power facilities.

The dividend growth streak of 21 consecutive years in a volatile sector is a fantastic feat. As of writing, TC Energy is outperforming the broader market year to date, +11.63% versus -5.82%. At $64.01 per share, the dividend yield is 5.72%. A $20,000 investment will produce $286 in passive income every quarter.

TC Energy has several growth platforms, including the proposed Southeast Gateway Pipeline in Mexico. The company will use the proceeds from its recent public offering of common shares to fund the construction of the US$4.5 billion offshore natural gas pipeline. TC Energy will further strengthen its position in the natural gas industry once it becomes operational by mid-2025.

Core holdings

Dividend aristocrats like Fortis and TC Energy are recommended core holdings for conservative investors. Both are good dividend plays right now, and you can buy one or both stocks to hold for years.

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2. NYSE:TRP (Tc Energy)
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