2 Safe Stocks to Own and Keep Receiving Passive Income

Description

Market pressure is intensifying heading into the fourth quarter of 2022, as central banks battle high inflation. If the Bank of Canada implement more rate hikes before year-end, economists fear it might drag the economy and usher in a recession. Meanwhile, income investors are worried about the safety of dividends in this uncertain market condition.

Rock-steady passive income

Canadians have solid investment choices in the utilities and telecommunications sectors. Dividend Aristocrats **Algonquin Power & Utilities** (TSX:AQN)(NYSE:AQN) and **TELUS** (TSX:T)(NYSE:TU) aren't immune from the market volatility, but you should keep receiving rock-steady passive income, nonetheless.

Built for long-lived assets

Algonquin Power owns renewable energy and regulated utility assets across North America. The $11.5 billion company, through its subsidiaries (Liberty Power and Liberty Utilities), operates hydroelectric, wind & solar power facilities. It also has stable utility businesses like water, natural gas, and electricity.

Its president and chief executive officer (CEO) Arun Banskota said management has high confidence in Algonquin's five-year $12.4 billion capital plan. Besides the large proportion of organic growth, it has growth levers, particularly in the regulated business. He added, "We see ourselves as a business built from long-lived assets and strong operations." Both factors enable Algonquin to consistently produce stable financial results.

In the second quarter (Q2) 2022, the revenue and adjusted net earnings of US$624.3 million and US$109.7 million represent 18% and 19.6% increases from Q2 2021. Cash provided by operating activities rose 160% year over year to US$268.6 million. Arthur Kacprzak, Algonquin's chief financial officer, stressed that operations are back to normal, and the liquidity position remains strong.

This utility stock has a raised its dividend for 11 consecutive years. If you invest today, the share price is $16.38 (-8.15% year to date), while the dividend yield is 5.64%.

Value stock

TELUS, one of the Big Three and the second largest in Canada's telecommunications sector, is also a top value stock for its ever-growing customer base. The $39.7 billion telco provides essential telecommunications services and products, including wireless and wireline voice and data.

The 24,000 additions to TELUS's Mobile and Fixed customers to 247,000 in Q2 2022 versus Q2 2021 was the strongest in a second quarter. According to management, the record customer growth reflects the strong demand for superior bundled offerings and customer loyalty programs. TELUS's ability to deliver steady income streams to investors is unquestionable.

In the three months ended June 30, 2022, net income grew 44.8% to $498 million compared to a year ago. Its executive vice-president Doug French said, "Our second-quarter results showcase our consistent execution excellence and leading asset mix across our telecom and technology-oriented verticals."

French added the run-rate on spending in 2023 would be lower, as the accelerated capital expenditure program winds down in 2022. Expansion into the healthcare and technology sectors are also growth catalysts. TELUS boasts a mean dividend-growth streak of 18 years. At $27.96 per share (-3.05% year to date), you can partake of the attractive 4.77% dividend yield.

Safer holdings

The threat of recession is real, but it shouldn't discourage people from investing. Algonquin Power and TELUS are safer stocks to own for consistent, growing dividend payouts amid market uncertainties.

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