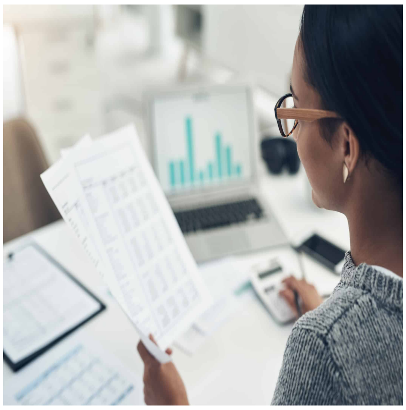

3 Dividend Powerhouses to Buy for Reliable Passive Income

Description

The market correction is giving dividend investors a chance to secure attractive yields from top TSX dividend-growth stocks.

Bank of Nova Scotia

Bank of Nova Scotia (TSX:BNS) is Canada's fourth-largest bank with a current market capitalization near $83 billion. The stock is down about 25% over the past year.

Investors who missed the big rebound off the pandemic crash are wondering if this is a good time to buy BNS stock after the 2022 decline.

Bank of Nova Scotia has a large international business focused on the Pacific Alliance countries of Mexico, Peru, Chile, and Colombia. These markets are home to a combined population of more than 230 million with very low banking services penetration compared to Canada. The long-term opportunities are attractive as the middle class expands, but investors are also concerned about geopolitical and economic risks.

If the global economy slides into a deep recession these countries could feel some sharp pain, as they did during the pandemic. However, the fiscal 2022 results show how profitable the international group can be when the economy is rebounding. Bank of Nova Scotia generated fiscal 2022 financial results that topped 2021.

The bank has a strong balance sheet to ride out the next downturn, and the dividend should continue to grow. Bank of Nova Scotia increased the distribution in 43 of the past 45 years.

At the current multiple of 8.7 times trailing 12-month earnings, BNS stock looks cheap. Investors who buy now can get a 5.9% dividend yield.

Fortis

Fortis (TSX:FTS) operates $64 billion in utility assets across Canada, the United States, and the Caribbean. A full 99% of the revenue stream comes from regulated businesses, including power generation, electricity transmission, and natural gas distribution. This means cash flow tends to be predictable and reliable.

Fortis has a $22.3 billion capital program on the go that will drive up the rate base in the coming years. As a result, cash flow should increase enough to support the planned dividend hikes of 4-6% per year through 2027.

Fortis raised the payout in each of the past 49 years, so the guidance should be solid.

The stock is down to $56 from the 2022 high around $65 per share. Investors can now get a 4% dividend yield and simply wait for the steady distribution growth to boost their return.

Canadian Natural Resources

Canadian Natural Resources (TSX:CNQ) raised its dividend in each of the past 22 years, and investors have received a compound annual growth rate of more than 20% over that timeframe. This is an impressive track record for a business that is at the mercy of the volatility in oil and natural gas prices to determine revenue and profits.

CNRL's secret to its stable dividend performance lies in its diversified product portfolio. The company has oil sands, conventional heavy oil, conventional light oil, offshore oil, and natural gas assets. The gas side of the business helps offset the turbulence in the oil market, and CNRL can quickly shift capital around the portfolio to take advantage of market shifts.

The stock trades near $78 per share at the time of writing. That's down from the 2022 high around $88. Investors can get a 4.3% yield on the base dividend and should see another increase in 2023 as well as potential special dividends.

The bottom line on top stocks to buy for passive income

Bank of Nova Scotia, Fortis, and CNRL pay attractive dividends that should continue to grow. If you have some cash to put to work in a portfolio focused on passive income, these stocks deserve to be on your radar.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:BNS (Bank Of Nova Scotia)

2. TSX:CNQ (Canadian Natural Resources Limited)
3. TSX:FTS (Fortis Inc.)

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