How to Invest $23,000 in 2023 to Create Passive Income

Description

After a disappointing and turbulent year in 2022, investors will be looking to rebalance equity portfolios this year. The ongoing stock market volatility has driven dividend yields higher, making dividend stocks attractive to income-seeking investors.

Generally, companies that pay shareholders a dividend generate consistent and predictable cash flows, making them less vulnerable when market sentiment turns bearish. So, let's see where you can invest $23,000 and create more than $1,000 in passive dividend income in 2023.

Fortis

A regulated gas and electric utility that operates in North America, **Fortis** (TSX:FTS) serves 17 jurisdictions and three million customers in Canada, the United States, and the Caribbean. Its asset base has increased from $390 million in 1987 to $64 billion in 2022.

COMPANY	RECENT PRICE	NUMBER OF SHARES	DIVIDEND	TOTAL PAYOUT	FREQUENCY
Fortis	$55.64	138	$0.565	$78	Quarterly
Canadian Utilities	$36.29	211	$0.4475	$94.4	Quarterly
TC Energy	$56.30	136	$0.90	$122.4	Quarterly

Fortis and its operating subsidiaries are rated investment-grade. Its strong balance sheet and stable cash flows have allowed the utility to increase dividends each year for 49 consecutive years. Going forward, management expects to increase dividends between 4% and 6% annually through 2027.

FTS stock currently offers investors a tasty dividend yield of 4.1%. In the last 20 years, the utility giant has increased these payouts at an annual rate of 7.6%.

Canadian Utilities

A global energy infrastructure company with $21 billion in assets, **Canadian Utilities** (TSX:CU) offers shareholders a dividend yield of 4.9%. Its business segments include utilities, energy infrastructure, and retail energy.

Its diversified business has allowed Canadian Utilities to increase dividends every year for the past 50 years. Impressively, this is the longest record among Canadian companies. The utility heavyweight now aims to grow these payouts in line with its earnings, which are regulated and contracted under long-term agreements.

Its steady earnings provide the company with a foundation for continued dividend growth. Its utilities global rate base now stands at $14.5 billion.

Canadian Utilities is optimistic about growing its cash flows in the future. Between 2022 and 2024, the utility expects to deploy $3.5 billion in capital growth projects, a majority of which will be allocated toward regulated utilities.

TC Energy

The final dividend stock on my list is **TC Energy** (TSX:TRP), another TSX stalwart with an integrated base of assets. TC Energy's cash flows are also regulated, allowing it to increase dividends by almost 7% annually since the end of 2002.

TC Energy has been among the top performers on the TSX and has returned 492% to shareholders in the past 20 years. In this period, the TSX has returned 469%. At current prices, the energy behemoth offers shareholders a very attractive dividend yield of 6.4%.

In the last 12 months, TC Energy has reported a net margin of 22% due to a high pricing environment. It expects to allocate $34 billion toward capital expenditures, which should drive cash flows higher in 2023 and beyond.

The Foolish takeaway

If you distribute $23,000 equally in these three stocks, you will be able to earn $1,185 in annual dividends. If these distributions increase by 7% annually, your payout will double to $2,370 within the next decade.

Investors can identify similar high-dividend TSX stocks and diversify their equity portfolio further.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CU (Canadian Utilities Limited)
2. TSX:FTS (Fortis Inc.)
3. TSX:TRP (TC Energy Corporation)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. araghunath
2. cleona

Category

1. Dividend Stocks
2. Investing

Date
2025/07/19
Date Created
2023/02/07
Author
araghunath