



## Add Passive Income With This High-Yielding ETF

### Description

For those looking for a source of passive income, strong dividend-paying stocks are obviously excellent options. Many such stocks have been rewarding shareholders for years and will likely continue to do so, which makes them ideal targets for income-oriented investors. However, individual stocks aren't the only source of passive income on equity markets; ETFs can serve the same function.

### One ETF income-seeking investors should consider buying

**iShares S&P/TSX Canadian Dividend Aristocrats Index ETF** ([TSX:CDZ](#)) seeks to replicate the performance of Standard and Poor's Dividend Aristocrats (net of expenses), which refers to a select group of companies that have raised their ordinary cash payouts for at least five consecutive years. Not surprisingly, CDZ is composed of stocks of companies that meet the same criterion (among others); only "established Canadian companies that increased ordinary cash dividends every year for at least five consecutive years" can make the cut. Many of the index's top holdings are among the most popular dividend stocks on the TSX.

As of writing, **TransAlta Renewables** is the top holding in the index. TransAlta [offers investors](#) a juicy yield of 6.74% and a monthly dividend payout. Its dividends have increased by 21% over the past five years, which perhaps isn't stellar growth, but is nonetheless notable especially considering the firm's monthly dividends.

Other holdings in the index includes **Inter Pipeline**, which currently offers a yield of 7.63% and issues monthly dividend payouts as well, which have increased by 32% over the past five years. The index also includes shares of energy giant **Enbridge** and of **Laurentian Bank of Canada**).

The Dividend Aristocrat Index is well diversified across sectors. The financial services sector is the most well represented in the index's holdings with about a quarter of its stocks stemming from this sector. The energy industry comes in second place with about 18%, while the utilities sector rounds up the top three with about 17% of the index's stocks being that of utilities firms. Both the energy and utilities sectors are frequent targets for income investors, and the Canadian financial sector features several excellent dividend payers. Thus, the industry breakdown composition of the index is more or less what one might expect.

## Why you should consider buying

ETFs often carry less risk than shares of individual companies, at least when the stocks they are comprised of are carefully selected. The Dividend Aristocrat Index ETF will not deliver market-beating returns but will likely continue paying and raising its monthly dividends. The index currently offers a dividend yield of 4.26% and has increased its dividend payouts by 32% since 2014. Investors looking for another source of passive income should consider jumping aboard.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:CDZ (iShares S&P/TSX Canadian Dividend Aristocrats Index ETF)

### PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
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### Date

2025/08/16

### Date Created

2019/07/20

### Author

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