TSX Stocks: Canadian Giants That Offer $4,500 Yearly in Passive Income

Description

Stock markets continued to trade volatile recently. Many top **TSX** stocks have exhibited a sharp bounce back in the last few weeks, albeit they are still trading significantly lower than their 52-week highs hit earlier this year.

Defensive investors could take shelter in dividend-paying stocks amid this broad market uncertainty. Dividends are a great way to boost your total income, which can be used for a variety of expenses like paying utility bills, groceries, or any other discretionary expense.

If you are a Tax-Free Savings Account (TFSA) investor, it will further be a lucrative deal as dividends and capital gains generated by these stocks will be tax-exempt even at the time of withdrawal.

Top TSX stock with high-yield and high growth potential

With a $15 billion market cap**, Pembina Pipeline** (TSX:PPL)(NYSE:PBA) is one of the biggest energy infrastructure companies in the country. The stock has taken a significant beating since February due to volatile oil prices and broader market weakness.

Pembina stock is currently trading at a dividend yield of 9.3%, notably higher than its five-year average yield and even TSX stocks at large. This means that if one invests $25,000 in Pembina today, he or she will generate approximately $2,350 in dividends per year.

Investors should note that Pembina pays monthly dividends and has increased payouts by 6.5% compounded annually in the last five years.

Due to falling crude oil prices, Pembina recently announced an approximately $1 billion cut in capital spending for 2020. However, the management also clarified that Pembina has a strong balance sheet and resilient cash flows to fund its dividends payments.

Pembina stock has exhibited a fairly strong rebound recently, surging beyond $27 levels in just two weeks after hitting an eight-year low of $15 last month. While that should hardly matter for long-term investors, the rebound must have brought some relief to them. Notably, the top TSX stock still has halfway to go to reach its 52-week high of $53.8.

Power Corporation of Canada

Power Corporation (TSX:POW) is a diversified financial services company with a presence in North America, Europe, and Asia. It has interests in businesses such as insurance, wealth management, and renewable energy.

Power Corporation of Canada is the parent company of **Power Financial,** which has subsidiaries such as **Great-West Lifeco**, **IGM Financial** and Pargesa. Power Corporation has a complicated business structure, but the company looks attractive from a long-term investment standpoint.

TSX stock POW currently offers a yield of 8.3%, notably higher than broader markets. Thus, if you invest $25,000 in POW stock today, you will generate $2,150 in dividends per year.

Power Corporation's earnings have been trending marginally down in the last two years after a notable surge in 2017. However, analysts' estimates exhibit a fair recovery in the next couple of years.

POW stock looks like a great bargain at current levels and is trading 7 times its next years' estimated earnings. Its five-year historical price-to-earnings multiple comes around 10 times. This indicates that the stock is trading at a discount and has room to grow.

If investors have an investible surplus of $50,000, an equal amount into these stocks will likely generate $4,500 yearly in dividends.

Investors should note that both the above TSX stocks have a long dividend payment history. However, future dividends are subject to management's approval.

CATEGORY

1. Dividend Stocks
2. Investing
3. Top TSX Stocks

TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:POW (Power Corporation of Canada)
3. TSX:PPL (Pembina Pipeline Corporation)

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Date
2025/08/18
Date Created
2020/04/09
Author
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