



## How to Find the Top Dividend Stocks to Buy Now

### Description

If you're looking for the top dividend stocks to buy now, I'm assuming you want current income. You could be an investor who simply wants passive income — or you could be someone who doesn't want to spend time actively trading in and out of stocks to make a decent return.

### Look in these sectors first

On the **TSX** market, bank, utility, and telecom stocks are great places to seek current income.

The regulated banking environment in Canada makes the big Canadian banks decent dividend stocks to invest in. In fact, many of the big banks have paid dividends for more than a century!

Although banks are negatively impacted by economic downturns, the Big Six Canadian banks were able to maintain their dividends in the global financial crisis around 2007/2008 and during the current pandemic.

People need utility services like gas and electricity no matter what happens to the economy. Additionally, utilities tend to pay out a big portion of their earnings as dividends. Therefore, utility stocks are defensive income investments to own in a diversified portfolio.

Nowadays, people can't live without their phones and internet, which have become as essential as utilities. Consequently, telecom stocks that provide phone and internet services are also resilient stocks to own through economic cycles. Investments in 5G could also drive growth for these stocks.

### Choose the top stocks in each sector

By buying shares of a stock, you become a part-owner in a business. Since you want to [generate passive income](#) from your dividend holdings for a long time, you want to hold the best businesses in each of the sectors we discussed earlier.

The top stocks will probably trade at a premium to their peers. Last week, I wrote an article on the [top Canadian bank stocks](#) to own that you can check out.

Top stocks may be identified with greater revenue growth, higher margins, or stronger price momentum than their peers. To get these stocks at a bargain, you'll need to wait for those unpredictable market selloffs. Oftentimes, it could be a better move to start a position when the stock of a wonderful business is fairly valued.

As Mr. Warren Buffett stated, "It's far better to buy a wonderful company at a fair price than a fair company at a wonderful price."

## A top utility and telecom stock

My top utility and telecom stock is combined into one — **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#))([NYSE:BIP](#)). In the last decade, the company has delivered outperforming returns compared to the utility sector. This includes a decent dividend that has increased at an above-average pace — a five-year growth rate of more than 9% per year.

BIP's diversified portfolio consists of electricity and gas utilities, data centers, cell sites, and multi-purpose towers. Furthermore, it has transport and energy infrastructure assets like rail, toll roads, ports, gas storage, gas processing, pipelines, and district heating and cooling systems.

BIP last went on sale during the pandemic market crash in March 2020 and the correction in December 2018. If you bought BIP in December 2018, you'd be sitting on total returns of about 30% per year.

Right now, BIP stock is fairly valued with a safe yield of 3.6%. Interested investors can start a small position now and back up the truck on meaningful corrections.

### CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing
4. Stocks for Beginners

### TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)

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