



## Passive Income Investors: 4 Top TSX Stocks Buy Now

### Description

Passive income is getting harder to come by as **TSX** stocks surge higher in 2021. With interest rates near all-time lows, bonds are serving investors negative returns after inflation. Similarly, holding long-term bonds is generally a bad strategy if rates could potentially rise in the next few years.

Therefore, many passive income investors have to resort to more risk-on assets, like **TSX** stocks. Given this, if I had a few thousand dollars to invest today, here are four [dividend stocks](#) I might consider looking at.

### A great Canadian pipeline stock

Even though it is up 27% year to date, **Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)) still looks fairly attractive for passive income. It pays a very attractive 6.6% dividend. When oil prices crashed last year, Pembina maintained its dividend and still garnered decent results in 2021.

Likewise, it lowered its cost structure and found excess transportation and processing capacity, giving it ample operational leverage as energy markets rise.

This company has a very conservative management team, a great set of energy infrastructure assets, and a solid balance sheet. Likewise, it is currently leading a bidding arrangement to acquire **Inter Pipeline** ([TSX:IPL](#)), a competing energy infrastructure company in Western Canada. Should the deal proceed, there would ample opportunities to unlock synergies and create new cash flow streams. I like this stock whether or not the deal goes through.

### A passive income stock for any market

**Algonquin Power** ([TSX:AQN](#))([NYSE:AQN](#)) operates regulated utilities and renewable power assets in North America. I like this passive income stock because 70% of its operations have a regulated stream of cash flows.

Likewise, its green power assets are locked in with long-term power purchase agreements (with an average of the 13-year term). All this means that no matter what the state of the economy, its stream of cash flows is very reliable and consistent.

Today, it pays a 4.5% dividend. It has consistently raised this by around 10% for nearly a decade. As well, the company is investing heavily in long-term growth initiatives. Management projects 8-10% earnings per share growth over the next five years. For a utility, that is a pretty attractive stable growth outlook, so I think it's a good passive income stock to own today.

## Grow your passive income stream consistently with telecoms

Another passive income stock that is great for any Canadian investor is **Telus** ([TSX:T](#))([NYSE:TU](#)). While telecom stocks are perhaps not the most exciting businesses, they sure do produce a ton of stable free cash flow. I prefer Telus over its peers because it's positioning its business to become a digital leader in Canada.

Earlier this year, Telus increased its 2021 capital spend so it can expand the rollout of its top-notch fibre optic network in Canada. This will also be a major benefit as it builds out 5G services. Not only that, but Telus is rapidly growing a number of digital/virtual businesses in healthcare, customer experience, agriculture, and security.

Each of these is becoming a substantial business, yet they barely factor into the stock price. The stock pays a 4.5% dividend. Management just raised that by 8% this year, and I expect more of the same to come.

## A REIT winning from global e-commerce

**Dream Industrial REIT** ([TSX:DIR.UN](#)) is a great passive way to earn income from real estate. If you believe e-commerce will continue to become more important in our daily lives, Dream Industrial is a top TSX stock to own. It owns and operates distribution, logistics, and warehousing facilities across Canada, the U.S., and Europe.

It [recently announced an acquisition](#) that will broaden its operational platform in Europe. E-commerce is still in the early innings there, so I think this move gives it a wider scale to grow.

Despite a solid balance sheet and a great set of assets, this stock trades at a discount to other European and American industrial REITs. This stock pays a great 4.5% dividend, but I also believe there is upside for the stock going forward.

### CATEGORY

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

### TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
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5. TSX:DIR.UN (Dream Industrial REIT)
6. TSX:PPL (Pembina Pipeline Corporation)
7. TSX:T (TELUS)

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