



Passive Income: 4 Canadian Stocks Paying a 4% Dividend or More

Description

As the **S&P/TSX Composite Index** continues to drive higher, yields on Canadian [income stocks](#) are compressing. With interest rates so low, it is no surprise that income-focused investors are turning to dividend-paying stocks. So called high-interest savings accounts are earning investors a negative real return after inflation. Likewise, long-term bonds are not a great bet if there is the possibility of interest rates rising from here.

The point is, Canadian dividend stocks are not such a bad way to supplement your income needs. Right now, cyclical and value stocks look attractive, because they can actually benefit from inflation. Considering this, here are four Canadian stocks that pay a 4% dividend or more right now.

A top Canadian pipeline stock

Pembina Pipeline ([TSX:PPL](#))([NYSE:PBA](#)) has been making a lot of big moves as of late. Just a few days ago, it put its name in the mix [to acquire the contentious Trans Mountain Pipeline](#) with a syndicate of Indigenous groups. Likewise, a few weeks ago it announced a friendly bid to acquire competing midstream/pipeline player **Inter Pipeline**.

This merger looks pretty attractive. The two businesses have very complementary assets, and there are plentiful synergy opportunities. Certainly, **Brookfield Infrastructure** is still in the mix with a higher offer to buy the IPL assets, so it is not a firm deal yet.

However, should Pembina win, it would be getting IPL at a pretty attractive price. Pembina's management has already promised a dividend increase of 5% at deal completion. Regardless, this is a great business, with highly stable cash flow streams. Today, it pays a 6.4% dividend, so you get nicely compensated to see its acquisition growth plans roll out.

A leading energy producer

Canadian Natural Resources ([TSX:CNQ](#))([NYSE:CNQ](#)) is a very attractive Canadian energy stock. If

you can stomach a bit of commodity-related volatility, you get a nice 4% dividend and lots of potential upside if energy prices keep rising. CNQ is one of the largest producers of natural gas and oil in Canada. It has produces energy products with factory-like efficiency.

Today, it can produce oil for less than \$20 per barrel. With oil prices over US\$70, it is earning a massive amount of free cash flow! Despite the pandemic, it is one oil producer that never dropped its dividend. In fact, just in March 2021, it raised its quarterly dividend by 10%. Add in debt reduction and share buybacks, and this stock could deliver very strong total returns over the next year.

A grocery-anchored REIT

If you like stable, bond-like income, then **Choice Properties Real Estate Investment Trust** ([TSX:CHP.UN](#)) is good name to own. This Canadian stock operates a mix of office, industrial, and retail properties largely anchored by various **Loblaw** subsidiaries. Its properties are essential and mostly grocery tenanted, so I am not too worried about the “**Amazon** effect” on their retail operations.

This REIT pays a well-covered 5% dividend. The REIT has very long-contracted (average 6.5 years), high-quality leases in place. It also has \$380 million of development projects in its pipeline, so I believe these could fuel cash flow growth for the next few years.

A Canadian real estate stock expanding in Europe

Dream Industrial REIT ([TSX:DIR.UN](#)) might be my favourite REIT to own for yield and capital returns. It operates multi-tenanted industrial properties across Canada, the U.S., and Europe. These are well-located properties for distribution, warehousing, and e-commerce logistics. It has been benefiting from very strong occupancy, growing rental rates, and high-demand for its properties.

It recently won an auction to buy a large portfolio of assets in Europe. Consequently, 37% of its portfolio will be located there. E-commerce has lots of room to expand in Europe. As a result, rental rate growth in that region could outpace that of North American soon. This Canadian stock pays a 4.85% dividend, but given the favourable industrial property environment, I believe this stock will deliver strong capital upside as well.

CATEGORY

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

TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:CHP.UN (Choice Properties Real Estate Investment Trust)
3. TSX:DIR.UN (Dream Industrial REIT)
4. TSX:PPL (Pembina Pipeline Corporation)

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