



3 Top Canadian Stocks for Passive Income

Description

Retirees and other passive income investors are searching for top Canadian [dividend stocks](#) to add to their portfolios.

Telus

Telus is a leading player in the Canadian communications industry with wireless and wireline networks that provide business and retail customers with mobile, internet, and TV services. The company is also taking advantage of its broad client base to promote security products.

In addition, Telus has other investments that utilize its capabilities. Telus Health is a top provider of digital health services for doctors, hospitals, and insurance companies. The pandemic put a spotlight on the division and strong growth should continue as the health industry moves into the digital age.

Telus raised \$1.3 billion in a successful share offering earlier this year and sold part of Telus International through an IPO. The funds are being used to expand the fibre optic and [5G](#) expansions that will ensure Telus continues to offer leading-edge services to Canadian customers.

Telus has a great track record of dividend growth and that trend should continue. Passive income investors who buy the stock today can pick up a 4.5% dividend yield.

Royal Bank

Royal Bank ([TSX:RY](#))([NYSE:RY](#)) is Canada's largest financial company with a market capitalization of \$180 billion. The bank's size and robust profitability give it the capacity to invest in digital solutions required to compete in a rapidly changing world of mobile payments and online banking. At the same time, Royal Bank has the means to make large acquisitions to drive growth.

The Canadian banks made it through the worst part of the pandemic in good shape, largely as a result of the substantial government aid programs provided to Canadian homeowners and businesses. Royal

Bank and its peers are now sitting on excess cash and will look to deploy the funds in the next couple of years.

As soon as the government allows the restart of dividend hikes and share buybacks Royal Bank investors should see a generous dividend increase. At the time of writing, investors can pick up a 3.4% dividend yield.

While the stock isn't as cheap as it was last year, Royal Bank still deserves to be a core holding in a portfolio focused on dividend growth and passive income.

TC Energy

TC Energy ([TSX:TRP](#))([NYSE:TRP](#)) owns and operates an extensive network of natural gas, gas liquids, and oil pipelines in Canada, the United States, and Mexico. The company also has power facilities and natural gas storage assets.

TC Energy grows through acquisitions and capital projects. The existing capital program of roughly \$20 billion should drive steady revenue and cash flow growth in the next few years to support an annual dividend increase of 5-7%. Additional project opportunities are on the radar and TC Energy is large enough to do deals as the energy infrastructure industry consolidates.

The stock looks cheap right now trading near \$62 per share. It was \$75 before the pandemic. Passive income investors can pick up a solid 5.6% yield at the current price.

The bottom line on passive income

Telus, Royal Bank, and TC Energy are all top Canadian stocks for a passive income portfolio. Their distributions should be very safe as the economy navigates the pandemic and is expected to grow in the coming years. If you only choose one I would probably make TC Energy the first pick today.

CATEGORY

1. Dividend Stocks
2. Investing

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2. NYSE:TRP (Tc Energy)
3. NYSE:TU (TELUS)
4. TSX:RY (Royal Bank of Canada)
5. TSX:T (TELUS)
6. TSX:TRP (TC Energy Corporation)

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Author

aswalker

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