12 Top TSX Stocks for Passive Income

Description

We asked our Foolish writers for their top passive-income ideas right now. Here are their choices:

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Amy Legate-Wolfe: NorthWest Healthcare Properties REIT Units

While the rest of the world struggled, **NorthWest Healthcare Properties REIT Units** (TSX:NWH.UN) proved its worth — not just as a top healthcare property provider, but as the perfect defensive stock. Even during a worldwide catastrophe, this company continued to see growth and deliver dividends. And that's likely only to continue.

The company is now in acquisition mode, recently buying up further healthcare properties in the Netherlands for $200 million and an Australian healthcare REIT for AU$2.43 billion. It then added 16 million new shares for investors — estimated proceeds of over $200,000.

This is all to say that its dividend yield of 6.15% is not just safe but likely to grow in the future. But while you wait, investors are likely to continue seeing immense share growth. Shares in the company soared, as record revenue was reported again and again. To date, shares are up 133% since coming on the market and 28% in the last year. Yet the company is still a steal, offering a price-to-earnings ratio of 9.72 at writing.

Fool contributor Amy Legate-Wolfe owns shares of NorthWest Healthcare Properties REIT Units.

Jed Lloren: Shaw Communications

As society continues to operate in a largely remote and ever-connected setting, telecommunications companies will be more heavily relied upon than ever. The Canadian telecommunications sector is heavily regulated. Because of that, companies that have been able to establish large footprints in the country also have sustainable moats. In western Canada, **Shaw Communications** (TSX:SJR.B)(NYSE:SJR) is the most dominant internet provider.

With a dividend yield of 3.26%, Shaw Communications is one of the top TSX stocks for passive income. Since 2009, the company has never had to cut its dividend. One thing I would point to regarding this stock is that Shaw hasn't been raising its dividend every year, which explains why the company isn't listed as a Dividend Aristocrat. Shaw currently has a dividend payout of 66%, which suggests that the company has room to raise its distributions in the future.

Fool contributor Jed Lloren has no position in the companies mentioned.

Robin Brown: Dream Industrial Real Estate Investment Trust

Real estate is a stable way to earn steady monthly income. Rather than buy and manage your own rental property, why not buy a diversified real estate investment trust like **Dream Industrial REIT** (TSX:DIR.UN)?

Frankly, buying a large warehousing property is likely out of reach for many retail investors. So, Dream Industrial's well-managed, well-located, institutional-grade properties across North America and Europe are pretty attractive. Not to mention, investors get a well-covered 4.35% dividend.

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DIR operates mostly multi-tenanted industrial properties. These are leased to a diverse array of quality tenants. Since the pandemic, it has enjoyed very strong rental rate growth in its core markets. Consequently, net asset values have been rapidly rising.

In addition, Dream recently made a major portfolio acquisition in Europe. This should create a number of long-term catalysts. First, it has a lot of experience in Europe with prior enterprises like Dream Global. Second, it now has the management platform and scale to commence development projects and further acquisition growth there. Lastly, Europe is still in the early days of e-commerce saturation. DIR's portfolio is perfectly suited to benefit from this rising trend.

Fool contributor Robin Brown owns shares of DREAM INDUSTRIAL REIT.

Puja Tayal: SmartCentres REIT

A good passive-income earner is **SmartCentres REIT** (TSX:SRU.UN) with an annual dividend yield of 6.06%. As Canada's largest retail REIT, its main source of income is rent from the shopping centres. The REIT's business concept is to develop an entire ecosystem of mixed-used properties to boost the value of its properties and generate higher rent.

Most of it properties are located in the prime area of Canada that helps it enjoys a high occupancy rate of 97% and higher rent. It has rented out majority of its stores to **Walmart**, which now accounts for a quarter of its rental income. The REIT benefitted from Walmart-anchored stores, which helped it pay regular monthly distributions for over 15 years. Its exposure to essential stores has made it resilient. Hence, it did not cut its distribution during the 2009 financial crisis as well as the 2020 pandemic, when most REITs cut distributions.

Now, SmartCentres is developing residential, commercial, and storage facilities to further enhance the value of its properties. This will help it increase it rent and give a higher distribution to shareholders in the long term.

Fool contributor Puja Tayal has no position in the companies mentioned.

Sneha Nahata: TransAlta Renewables

TransAlta Renewables (TSX:RNW) is a reliable bet to generate a monthly inflow of cash. The company owns a highly diversified portfolio of power-producing assets. Furthermore, its renewable power assets are highly contracted (weighted average contract life is about 12 years), providing strong visibility over future cash flows and supporting regular dividend payments.

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It has increased its annual dividend at a CAGR of 3% since it was listed on the exchange in Aug. 2013, and it targets a sustainable payout ratio of 80-85%. TransAlta Renewables offers a dividend yield of 4.3%, which is very safe due to its low-risk and diversified assets base that generates predictable cash flows. Moreover, its strong balance sheet, strategic acquisitions, and favourable industry trends could accelerate its growth rate and support higher dividend payments.

Fool contributor Sneha Nahata has no position in the companies mentioned.

Brian Paradza: Superior Plus

Superior Plus (TSX:SPB) is a leading distributor and marketer of propane, distillates, and related products and services in North America. Superior's stock pays a $0.06-per-share monthly dividend that yields a respectable 4.6% annually. The $2.76 billion company boasts of paying over $2 billion in dividends to investors since 1996 while targeting a sustainable 40-60% payout rate on distributable cash flow.

The company divested from a non-core specialty chemicals business recently and is redeploying the proceeds in an acquisitions-led growth strategy in the United States while consolidating and fortifying a fragmented North American propane distribution market.

Superior's executive team has a history of over-delivering on acquisition integration targets and realizing synergistic benefits. The company's management targets achieving a compound annual growth rate in EBITDA of 10-11% between now and 2026. Investors will most likely receive uninterrupted monthly dividend paychecks for decades to come.

Fool contributor Brian Paradza has no position in the companies mentioned.

Ambrose O'Callaghan: Slate Grocery REIT

My top passive-income stock for August is **Slate Grocery REIT** (TSX:SGR.U). This real estate investment trust (REIT) is an owner and operator of grocery-anchored real estate in the United States. Its exposure to major metro markets made it a fantastic defensive option during the COVID-19 pandemic. Shares of Slate Grocery have climbed 17% in 2021 as of close on July 16.

In Q1 2021, the company announced a $390 million acquisition of a grocery real estate portfolio that comprised 25 properties. Beyond that, Slate Grocery reported rental revenue growth of 1.3% to $32.4 million. Meanwhile, net operating income (NOI) rose 5.5% to $23.2 million.

Shares of Slate Grocery are still trading in favourable value territory relative to its industry peers. Best of all, the REIT offers a monthly dividend of $0.072 per share. That represents a monster 8.1% yield. You can count on this REIT's high yield, and it works as a defensive option in this inflationary environment.

Fool contributor Ambrose O'Callaghan has no position in the companies mentioned.

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Stephanie Bedard-Chateauneuf: First National Financial

First National Financial (TSX:FN) is my top TSX stock for passive income. This company creates, underwrites, and manages residential and commercial mortgages for single-family and multi-unit homes in Canada.

First National pays a monthly dividend of $0.1958 per share. It has been increasing its dividend for the past six years and started paying a special dividend in 2017. The dividend was last increased in May 2021 by 11.89%. With a payout ratio of 50%, the company has room to increase its dividend in the coming years. The forward dividend yield is 4.7%, which is quite interesting.

First National is expected to earn $4.26 per share this year, which represents a strong growth of 36.5%. Earnings per share are expected to grow by 16.1% per annum over the next five years. The stock is cheap relative to its future growth, with a five-year price/earnings-to-growth ratio of 0.73. Shares have gained nearly 70% over the past year. So, with First National, you profit from an interesting amount in passive income and stock price appreciation.

Fool contributor Stephanie Bedard-Chateauneuf has no position in the companies mentioned.

Vineet Kulkarni: Northland Power

Northland Power (TSX:NPI) is a $10 billion independent power producer that owns and operates clean energy facilities. It produces electricity from wind, solar, and clean-burning natural gas with assets spread across North America, Europe, and Asia.

While many renewable power companies have been struggling financially, Northland Power has seen notable growth in the last few years. Its net income surged 16%, compounded annually since 2016. It intends to invest $15-$20 billion in growth projects in the next five years. Interestingly, capacity expansion and its diversified presence will likely play well for its growth in the next few years.

NPI stock pays a stable monthly dividend that currently yields nearly 3%. It will pay $1.2 per share in dividends this year. It does not increase shareholder payouts consistently. However, if you want to invest in renewable energy space, Northland Power is an attractive pick.

Fool contributor Vineet Kulkarni has no position in the companies mentioned.

Rajiv Nanjapla: Pembina Pipeline

Pembina Pipeline (TSX:PPL)(NYSE:PBA) is an integrated energy infrastructure company that offers a full range of midstream and marketing services to the oil and natural gas sector. Thanks to its fee-based or take-or-pay contracts, the company generates stable cash flows, allowing it to pay monthly dividends uninterrupted since 1998. Overall, the company has rewarded its shareholders by paying $9.8 billion in dividends since its inception. Currently, its forward dividend yield stands at an impressive 6.49%.

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Meanwhile, the reopening of the economy is driving oil demand and prices higher, which could benefit Pembina Pipeline. Further, the company is working on closing **Inter Pipeline's** acquisition, which could boost its expansion while offering significant savings due to the synergies. Meanwhile, Pembina Pipeline's management expects the acquisition could allow it to raise its monthly dividends by $0.01 per share.

Also, the company has identified $7 billion of accretive projects, which are in the various stages of development. So, given the company's healthy growth prospects, steady cash flows, and strong liquidity of $2 billion, I believe Pembina Pipeline is an excellent buy for income-seeking investors.

Fool contributor Rajiv Nanjapla has no position in the companies mentioned.

Daniel Da Costa: CT Real Estate Investment Trust

One of the best Canadian stocks to consider when building a passive-income stream is **CT Real Estate Investment Trust** (TSX:CRT.UN). CT REIT is a highly stable real estate fund with high-quality assets that it primarily leases to **Canadian Tire**.

In addition to the fact that Canadian Tire is the primary tenant of the REIT's portfolio, it's also a major unitholder. So, there is plenty of growth potential in the future, as Canadian Tire aims to expand its operations.

CT REIT is a top stock for income investors, because it's safe and offers an attractive yield in addition to its long-term growth potential.

Over the last year, while many of its peers struggled, CT REIT saw no impact. In fact, the trust has seen its sales grow for more than eight consecutive quarters. This continuous sales growth has led to several dividend increases in recent years.

So, not only does CT REIT pay an impressive monthly dividend that yields roughly 5% today, but you can also expect that income to continue to grow over the years.

Fool contributor Daniel Da Costa has no position in the companies mentioned.

Jitendra Parashar: Keyera

I find **Keyera** (TSX:KEY) to be one of the best stocks to get handsome passive income on a monthly basis. It's a Calgary-based energy infrastructure firm with its main focus on transportation of natural gas liquids, raw gas gathering, and processing. Its stock is currently trading with about 40% year-to-date gains and has an impressive dividend yield of nearly 6%.

Keyera's earnings are expected to regain strength this year and surge to about $1.85 per share after declining to just $0.28 due to the COVID-driven demand and operational challenges last year. The company is currently constructing the KAPS pipeline project in Alberta — a major condensate and natural gas liquids transportation system. I expect this key project to accelerate Keyera's financial growth in the coming years, helping it continue rewarding investors with solid dividends.

Fool contributor Jitendra Parashar has no position in the companies mentioned.

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CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. NYSE:SJR (Shaw Communications Inc.)
3. TSX:CRT.UN (CT Real Estate Investment Trust)
4. TSX:DIR.UN (Dream Industrial REIT)
5. TSX:FN (First National Financial Corporation)
6. TSX:KEY (Keyera Corp.)
7. TSX:NPI (Northland Power Inc.)
8. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
9. TSX:PPL (Pembina Pipeline Corporation)
10. TSX:RNW (TransAlta Renewables)
11. TSX:SGR.U (Slate Retail REIT)
12. TSX:SJR.B (Shaw Communications)
13. TSX:SPB (Superior Plus Corp.)
14. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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