



Best Canadian Dividend Stocks for Passive Income

Description

Canadian retirees and other passive income investors are searching for the best dividend stocks to buy for their portfolios. The overall stock market looks expensive, but some good deals are still available for dividend investors.

Pembina Pipeline

Pembina Pipeline ([TSX:PPL](#))([NYSE:PBA](#)) recently walked away from its effort to buy **Inter Pipeline**. The \$8.5 billion takeover would have created one of Canada's largest energy infrastructure companies, but Pembina Pipeline has decided to pocket the \$350 million break fee, rather than extend a bidding war. Inter Pipeline had agreed to pay Pembina Pipeline the termination payment if it accepted a higher bid. The board now plans to recommend a competing offer from **Brookfield Infrastructure Partners**.

The market appears to be relieved. Pembina Pipeline's share price jumped more than 4% on the news.

Pembina Pipeline still has a broad range of growth projects on the go and is eyeing other potential takeover opportunities. The rebound in the energy sector is picking up steam and should provide steady demand for Pembina Pipeline's services.

The company pays its dividend monthly, making the stock attractive for passive income portfolios. At the time of writing the shares trade near \$41 compared to \$53 before the pandemic. Investors who buy the stock at this level can pick up a solid 6% dividend yield.

Algonquin Power

Algonquin Power ([TSX:AQN](#))([NYSE:AQN](#)) is based in Canada, but most of the company's assets are located in the United States. The firm owns solar, wind, and geothermal power generation facilities as well as utility assets that include natural gas, water, and electricity distribution.

Algonquin Power recently raised \$1 billion to drive investments in the renewable energy segments. The

company has a great track record of increasing revenue and cash flow through acquisitions and organic projects. The board raised the dividend by 10% this year and has increased the payout steadily for a decade.

[ESG investments](#) are becoming more popular and Algonquin could become a takeover target for a large alternative asset manager or another utility firm.

The stock trades close to \$19.25 right now compared to the 2021 high around \$22.50, so there should be some decent upside on the next surge. In the meantime, investors can pick up a good 4.4% yield and look forward to steady distribution hikes in the coming years.

TC Energy

TC Energy ([TSX:TRP](#))([NYSE:TRP](#)) is a leading player in the North American energy infrastructure sector with \$100 billion in pipeline, gas storage, and power generation assets in Canada, the United States, and Mexico. Getting major new oil and gas pipeline projects built is a challenge these days and the situation won't get any easier in the coming years. This makes existing infrastructure more valuable as demand for oil and gas is expected to continue to rise for years to come.

The shares look undervalued today near \$61. TC Energy traded at \$75 before the pandemic. Oil throughput should steadily improve as fuel demand rises in the coming months. TC Energy's natural gas and power assets held up well last year enabling the company to post good results despite the tough market conditions.

Investors who buy the stock now can pick up a 5.7% yield. TC Energy intends to raise the payout by 5-7% annually.

The bottom line on passive income investing

Passive income investors want to hold reliable dividend stocks with attractive payouts. Pembina Pipeline, Algonquin Power, and TC Energy all appear cheap right now and should deliver solid long-term returns.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. NYSE:TRP (Tc Energy)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
6. TSX:PPL (Pembina Pipeline Corporation)
7. TSX:TRP (TC Energy Corporation)

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aswalker

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