



## The 4 Best Passive-Income Stocks to Buy Right Now With \$400

### Description

It's wise to have a passive income, and I find [dividend stocks](#) as the best option to create a secondary income stream. While Canadian investors have plenty of options when it comes to dividend stocks, I have shortlisted four among them that I believe have the potential to boost shareholders' returns over the long term.

These companies have resilient cash flows, while their payouts are sustainable, implying that investors can rely on them. So, if you can spare \$400, consider buying these top dividend stocks now to start a passive-income stream.

### Toronto-Dominion Bank

**Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) has been uninterruptedly paying dividends for 164 years and could be a solid addition to your income portfolio. Its dividend has increased at a compound annual growth rate (CAGR) of 11% in the last 25 years. At current price levels, Toronto-Dominion offers a dividend yield of 3.7%.

Thanks to its high-quality earnings base, the bank will likely grow its dividend at a healthy pace in the coming years. Further, its diversified revenues, improved credit performance, robust balance sheet, and strong deposits base augur well for future growth. Meanwhile, economic recovery, reduction in operating costs, and lower provisions are likely to cushion its earnings and, in turn, its dividend payouts.

### Pembina Pipeline

**Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)) is another reliable bet if you seek to generate a [steady passive income](#). It has paid regular monthly dividends for a very long period and currently yields approximately 6.4%. Pembina has raised its dividend annually by about 5% in the last 10 years. Meanwhile, its payouts are safe and sustainable.

Pembina's diverse asset base, contractual framework, and sustained momentum in core business generate robust fee-based cash flows that support higher dividend payments. I believe improved

energy outlook, secured growth projects, strong volume growth, increased pricing, and expense management will likely boost its future fee-based cash flows. It is trading cheaper than its peers, making it attractive at current levels.

## Algonquin Power & Utilities

**Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) is another top-quality Canadian stock for a reliable passive income. Its earnings have grown at a healthy pace, which supported its dividend payments. Notably, it has increased its dividend at a CAGR of 10% for over a decade.

I believe its low-risk profile, regulated utility assets, and rate base growth could continue to deliver predictable cash flows in the coming years. Its long-term power-purchase agreements, strategic acquisitions, and growth opportunities in the renewable business could further bolster its growth rate and drive higher dividend payments. At current price levels, Algonquin offers a healthy yield of 4.3%.

## Canadian Utilities

I'll wrap up with **Canadian Utilities** ([TSX:CU](#)) stock, which must be in your income portfolio for a growing cash inflow. Canadian Utilities has a long history of rewarding its shareholders with higher payouts and has raised its dividends for 49 years. Meanwhile, at current price levels, Canadian Utilities offers a solid yield of about 5%.

Canadian Utilities's higher dividend payments are supported by its stellar earnings and resilient cash flows that come from its high-quality contractual and rate-regulated assets. Further, its low-risk business, continued investment in contracted and regulated assets, improvement in its energy infrastructure business, and cost savings indicate that the company will likely deliver higher shareholders' returns in the coming years.

### CATEGORY

1. Bank Stocks
2. Coronavirus
3. Dividend Stocks
4. Energy Stocks
5. Investing

### TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:CU (Canadian Utilities Limited)
6. TSX:PPL (Pembina Pipeline Corporation)
7. TSX:TD (The Toronto-Dominion Bank)

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#### **Date**

2025/08/17

#### **Date Created**

2021/08/25

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