Passive Income Investors: The 3 Best Canadian Dividend Stocks to Buy Now

Description

Interest rates will likely remain historically low for a very long time. As a result, owning Canadian dividend stocks should continue to be one of the best ways for investors to earn stable, passive income.

While government bonds and GICs are the safest assets you can own, they aren't very safe when you are earning a negative yield after inflation. As a result, every Canadian looking for passive income should have some exposure to stocks. Here are three Canadian dividend stocks that you can buy and tuck away for consistent, stable dividend income.

A top dividend-growth stock

One of the best Canadian stocks for a combination of growth, stability, and income is **Brookfield Infrastructure Partners** (TSX:BIP.UN)(NYSE:BIP). When I look back, it has returned nearly 600% over the past 12 years, and 262% (or 43%) of that return has actually been from dividends!

The fact is, this stock is a dividend growth juggernaut. Since its inception in 2009, it has grown its funds flow per share by a 15% compound annual growth rate (CAGR) and its per-share distribution by a 10% CAGR. While it yields just 3.7% today, its distribution payout should likely keep growing near historical rates.

This company has highly sought-after assets, a strong management team, ample deployable liquidity, and an attractive organic growth profile. It just acquired Inter Pipeline, which should enhance its near-term growth catalysts. For passive dividend income, this stock sits at the top of my list.

A great portfolio foundation

Toronto-Dominion Bank (TSX:TD)(NYSE:TD) is one of Canada's highest regarded financial institutions. Its stock is down 4.5% over the past month. This is largely due to concerns about political statements made during the Canadian election and recent liquidity events occurring in China. Certainly, these are concerns investors need to be aware of. Yet, TD Bank is truly a great staple stock for Canadian dividend investors.

It has one of Canada's largest retail networks and a very strong presence in the eastern United States. TD preserved its balance sheet very well through the pandemic and is in a great capital position.

Consequently, this stock is primed to return value back to shareholders by raising its dividend, potentially buying back stock, or making an acquisition. Right now, it pays a 3.85% dividend. It would be a real bargain if its stock dropped down to yield closer to 4%. Regardless, eventually, the COVID-19 crisis will subside and this stock should be primed for steady growth ahead.

A dividend stock as sure as Granite

When inflation is soaring real estate is a good asset class to own. However, buying a commercial rental property is beyond affordable for many Canadian investors. That is why a real estate investment trust like **Granite REIT** (TSX:GRT.UN) stock is an ideal dividend-producing investment.

With this stock, passive income investors get to own a piece of world-class industrial real estate assets in Canada, the United States, and Europe. These are institutional-grade logistics, warehousing, and manufacturing facilities that range between 100,000 square feet and 1 million square feet.

Granite REIT has a pristine balance sheet with some of the lowest leverage metrics in the industry. Consequently, it has a ton of liquidity to deploy should asset valuations become more attractive. The company has a great line-up of institutional-grade tenants and is nearly 100% leased.

As a result, cash flows are very reliable and its 3.2% dividend is one you can rely on. It has grown its dividend by around 5% a year for nearly a decade, which will likely continue going forward.

CATEGORY

1. Dividend Stocks
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1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
4. TSX:GRT.UN (Granite Real Estate Investment Trust)
5. TSX:TD (The Toronto-Dominion Bank)

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Author
robbybrown