



Passive Income: 4 Top Stocks to Buy Today

Description

Once again, Canadian stock markets are rotating from technology stocks to more cyclical and income-orientated stocks. Certainly, rising bond yields and inflation concerns are dampening the more highly priced Canadian tech plays.

Perhaps, if you have captured some great gains in 2021, now may be the time to convert those into enduring passive income. Here are four stocks Canadian investors may want to look at for stable, [enduring dividend income](#).

A Canadian energy leader

A direct way to play the recent [rise in energy prices](#) is through **Canadian Natural Resources** ([TSX:CNQ](#))([NYSE:CNQ](#)). Today, it pays a good 4.1% dividend. Unlike many of its peers, CNQ was one of the only producers to not halt or drop its dividend when oil crashed last year. In fact, over the past five years, it has grown its dividend by a compounded annual rate of 12.5%!

It is one of Canada's largest producers of oil and natural gas. It produces oil extremely efficiently (a barrel of oil costs around US\$30). With oil climbing close to US\$80 per barrel, it can kick out tonnes of free cash flow.

Consequently, I think this stock is primed to reward shareholders with share buybacks, dividend increases, and maybe even special dividends.

A top Canadian pipeline and midstream stock

Another indirect way to play rising energy demand is by owning energy infrastructure. **Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)), with its network of pipelines, export terminals, midstream assets, and gas-processing facilities, looks to be well positioned. It pays a 6.3% dividend.

Natural gas has been an incredibly strong commodity. Pembina should benefit this year from rising

volumes through its assets as well as strong energy pricing margins.

Like CNQ, this **TSX** stock never lowered its dividend through the pandemic. It has a solid [opportunities to grow](#) through organic development. It could also win from some major potential acquisition targets in the future (Trans Mountain Pipeline and/or Cedar LNG).

An American multi-family REIT

Inflation could persist longer than many would like. While commodities (like oil) can be a good hedge, so can real estate. Generally, property values and rental rates rise when economic factors heat up as well. That is why I really like **BSR REIT** ([TSX:HOM.U](#)). It owns resort-style multi-family properties in some of the fastest-growing cities in America.

In the past few years, the REIT has cycled out of lower-quality properties into very attractive, well-located, higher-rent properties. They are located in top Texas municipalities like Austin, Houston, and Dallas. These regions are seeing very tight occupancy and strong rental rate growth.

Its strategy is now paying off. In its most recent quarter, adjusted funds from operation (a key cash flow metric) grew year over year by 26.7%. Likewise, the value of its properties rose 21.9% year over year. Despite a strong growth outlook, this TSX real estate stock trades at a discount to its American peers. It pays a solid 3.2% dividend right now!

A global medical properties stock

For an elevated dividend yield in a different real estate sector, **NorthWest Healthcare Properties REIT** ([TSX:NWH.UN](#)) might be of interest. This stock pays a monthly distribution that equals to a 6% annual yield.

It operates a very high-quality portfolio of hospital and medical office properties across the world. Considering these properties are essential to society, they have very long leases that are backed by strong tenants.

Three-quarters of its properties have inflation-indexed leases. So, when inflation rises (as it is), its cash flows are appropriately hedged. This REIT is focusing on a broad joint-venture strategy. Over time, this should accrete steady fund flow growth. As a result, I believe its dividend-payout ratio will decline, and investors could see its valuation improve as well.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:CNQ (Canadian Natural Resources)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. TSX:CNQ (Canadian Natural Resources Limited)
4. TSX:HOM.U (BSR Real Estate Investment Trust)

5. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
6. TSX:PPL (Pembina Pipeline Corporation)

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