



## Interested in Passive Income? Build a Dividend Portfolio With These 3 Stocks

### Description

The ability to generate passive income is often one of the most attractive aspects of being invested in the stock market. For those who are unfamiliar, passive income is the term given to a source of income that requires little or no effort to obtain. One way that investors can obtain passive income via the stock market is by collecting dividends. These are regular distributions sent out to shareholders, by the company, in exchange for holding shares. In this article, I discuss three stocks that would make an excellent foundation in any dividend portfolio.

### One of the best dividend-paying companies in Canada

In 2020, I outlined [a hypothetical dividend portfolio](#) with market-beating potential over the long term. In order for a company to make it into the portfolio, it needed to have generated a positive return (dividends included) over the past five years. One of these 20 companies listed, **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) remains at the top of my list. I believe it's a stock that I would suggest every dividend investor consider holding over the long term.

The company provides regulated gas and electric utilities to more than 3.4 million customers across Canada, the United States, and the Caribbean. This not only makes its business essential, regardless of any economic condition, but it also makes Fortis very diversified in terms of geography. Of all the companies listed on the **TSX**, only one company claims a longer dividend growth streak than Fortis' 47 years. This makes it one of the best dividend-paying companies in Canada and an exemplary Canadian Dividend Aristocrat.

### Expanding in new ways

**Telus** ([TSX:T](#))([NYSE:TU](#)) has made a name for itself by offering Canadians the largest telephone coverage network in the country. Today, Canadians can take advantage of Telus's excellent telecom network from coast to coast. However, there's so much more to this company than its telecomm offerings. In recent years, Telus has focused a lot of its efforts on providing health care solutions that can help optimize an outdated Canadian health care industry.

Through TELUS Health, the company offers a suite of software solutions to physicians, pharmacies, employers, and more. Telus also offers TELUS Health MyCare. This is a free app that Canadians can use to see a doctor without having to leave their home. Both its software solutions and app could help push Telus to much greater valuations in the future. As of this writing, Telus is a Canadian Dividend Aristocrat, having increased its dividend over the past 17 years.

## Banks are great choices, but consider this financial company

In the example portfolio I wrote about in 2020, 35% was geared to the financial industry. This was done to reflect the financial industry's large influence on the Canadian stock market. For example, the **S&P/TSX 60 Index** has a 36% concentration towards the financial industry. Within that space, Canadians could see reliable returns over the long run by investing in any of the Big Five banks. However, Canadians interested in potentially greater returns should consider **goeasy** ([TSX:GSY](#)).

For those who are unfamiliar, goeasy provides high-interest loans to subprime borrowers. It also sells furniture and other home goods on a rent-to-own basis. Because of the nature of its business, goeasy generated record revenues quarter after quarter over the pandemic. As a dividend stock, its growth is unparalleled.

Since 2014, goeasy has managed to [increase its distribution](#) each year, making it a Canadian Dividend Aristocrat. Over that period, goeasy's dividend has increased more than 700%!

### CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

### TICKERS GLOBAL

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2. NYSE:TU (TELUS)
3. TSX:FTS (Fortis Inc.)
4. TSX:GSY (goeasy Ltd.)
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