



The 3 Best Passive-Income Stocks to Buy and Hold in 2022

Description

2022 is likely going to be [a volatile year](#). Consequently, Canadian stocks that pay passive income look like a great way to collect consistent predictable returns. Right now, high-interest savings accounts are earning a negative real return after inflation. Likewise, bonds are not a great asset to hold, especially when interest rates are quickly rising.

Frankly, one of the best inflation hedges is stocks. If you are looking for some high-quality stocks that pay regular, predictable passive income, here are three that look attractive for 2022.

Passive-income stock #1: TELUS

TELUS ([TSX:T](#))([NYSE:TU](#)) is one of Canada's top dividend-growth stocks. For the past 10 years, it has grown its dividend on average by 8.7%. Last year alone, it raised its dividend multiple times. Today, at \$29.50 per share, it pays a 4.4% dividend yield. That translates into a \$0.3275 dividend every quarter.

I like TELUS for its consistency. Despite the pandemic, it has consistently been leading the market in net customer additions. Likewise, it has been investing heavily in its fibre optic and 5G infrastructure. That should set it up for elevated free cash flow growth in 2022 and especially 2023.

While its business is largely focused on wireless, internet, and cable services, it is also becoming a leader in broader digital services (digital/IT, agriculture, and healthcare). This should help provide industry-leading growth for years. That should support its stream of passive income and decent capital gains for years to come.

Passive-income stock #2: Granite REIT

Industrial [real estate](#) might be one of the most attractive real assets an investor can own for passive income today. The supply chain challenges in 2021 have meant many companies are increasing inventory and growing production more locally. Likewise, e-commerce continues to require significant

amounts of storage space. That should be a very favourable tailwind for **Granite REIT** ([TSX:GRT.UN](#)).

It owns and operates a large industrial property portfolio that stretched across Canada, the United States, and Europe. It has been using its development expertise to build out large scale logistics centres that can capture attractive returns on investment. With very strong demand, Granite has been enjoying very solid rental rate and cash flow growth.

It pays a \$0.2583 distribution every month. That is equal to a 3.1% dividend yield. The company has done a great job raising its distribution every year for the past nine years. This is a very stable business, and it is a low-beta stock. It is a great stock to hold when markets are volatile.

Passive-income stock #3: TD Bank

Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#)) looks to be well positioned in 2022. Its stock is already up 7.5% in 2022. Through the pandemic and a minor recession, the bank was able to maintain an industry-leading capital ratio.

It was unable to increase its dividend until late last year, so it still has a lot of [extra capital](#) to deploy. This excess capital may be used for a market-expanding acquisition or just to buy back stock and keep increasing the dividend. So long as the economy remains stable, TD should benefit from higher interest spreads as interest rates rise.

TD pays a nice \$0.89 per share dividend every quarter. That is equal to a 3.5% dividend yield today. TD has operated a strong business that has delivered dividend growth for years. Consequently, this is a great passive-income stock to tuck away in your portfolio and forget about.

CATEGORY

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2. NYSE:TU (TELUS)
3. TSX:GRT.UN (Granite Real Estate Investment Trust)
4. TSX:T (TELUS)
5. TSX:TD (The Toronto-Dominion Bank)

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